AGENDA ITEM NO. 5.b.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	CENTURY TRIANGLE: DISPOSITION AND DEVELOPMENT AGREEMENT WITH CENTURY VILLAGE GROUP, LLC	Date:	April 13, 2010

OBJECTIVE

The purpose of this report is for the Garden Grove Agency for Community Development (the "Agency") to consider a Disposition and Development Agreement (DDA) with Century Village Group, LLC (the "Developer") for the development of 53 townhomes on 2.67 acres of real property in the city of Garden Grove within the area known as the "Century Triangle," (the "Site").

BACKGROUND/DISCUSSION

The Century Triangle has been the subject of several past development proposals. In October 2008, after the review of three (3) competing proposals, the Agency entered into a Negotiating Agreement with Brandywine Homes for development of the Century Triangle. After dealing with a shifting housing market, unpredictable economy, and unwilling sellers, the Developer produced a project proposal to fit on the 2.67-acres of Agency owned land at the northwest corner of Taft Street and Century Boulevard. Century Village Group, LLC is an entity of Brandywine Homes.

Deal Point Summary

The DDA (Attachment 6) contains the business terms for implementing the project. It establishes the obligations and responsibilities for both the Agency and Developer. The deal points are summarized as follows:

1. Disposition of Property

    - Developer will pay $4,010,000 for the Site.

    - Agency will convey fee title of the Site to Developer.

2. Condition of Property Conveyed

    - Agency will pay an amount not to exceed $50,000 for remediation of identified hazardous materials.

3. Development of Property

    - Developer will construct fifty-three (53) for-sale, three-story town home-style units consistent with the Scope of Development and Schedule of Performance as described in the DDA.

4. Off-site Improvements

    - Off-site improvements will be required for the project pursuant to the Scope of Development as described in the DDA and the project entitlements.

    - Additional off-site improvements (Taft Avenue street improvements north to Garden Grove Boulevard and alley improvements west to Century Boulevard), not required by the anticipated project entitlements, will be constructed by Developer.

    - The City will reimburse Developer for the cost of the off-site improvements not required by the anticipated project entitlements pursuant to a Reimbursement Agreement, which will be drafted and considered by the City Council concurrently with the project entitlements.

State law requires that prior to the disposition of property by a redevelopment agency, the legislative body must first approve the sale by resolution after a public hearing. Notice of the time and place of the public hearing must be published in a newspaper of general circulation at least once a week for at least two successive weeks, 15 days prior to the public hearing. Notice for this public hearing was published in the *Orange County News* newspaper on March 24, 2010, March 31, 2010, and April 7, 2010.

As required by state law, a Summary Report has also been prepared, which provides, among other items, an explanation of why the sale of this property will assist in the elimination of blight.

FINANCIAL IMPACT

- It is estimated that this project will generate new Agency revenue of $150,000 to $200,000 annually as well as $4,010,000 in land sale proceeds.

RECOMMENDATIONS

Staff recommends the City:

- Conduct the joint public hearing; and
- Adopt a resolution consenting to the approval by the Agency of the DDA by and between the Agency and Century Village Group, LLC

Staff recommends the Agency:

- Adopt a resolution approving the attached DDA with Century Village Group, LLC for the development of the 2.67-acre site in the city of Garden Grove within the area known as the "Century Triangle."
- Authorize the Director to execute the DDA and any other pertinent documents to effectuate the DDA.

CHET YOSHIZAKI
Economic Development Director

Approved for Agenda Listing

Matthew Fertal
Director

By: Jim DellaLonga
Project Manager

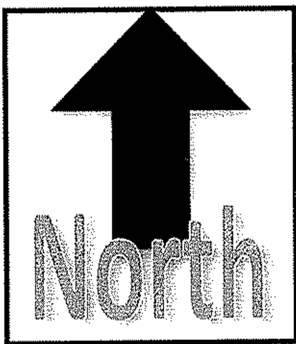
Attachment 1: Site Map
Attachment 2: Proposed Elevations
Attachment 3: Agency Resolution
Attachment 4: City Resolution
Attachment 5: CEQA Environmental Checklist and Negative Declaration
Attachment 6: Disposition and Development Agreement
Attachment 7: Summary Report

mm(h:Staff/JD/Century Village Group DDA sr 041310v1.doc)

ATTACHMENT 1

SITE MAP

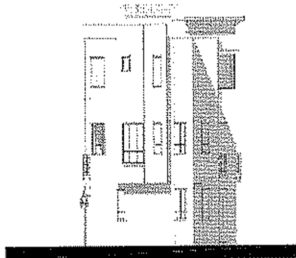
Garden Grove
Century
Century
Century
Nelson
Nelson
Westlake
Westlake
Walnut
Walnut
Pleasant
Taft
Taft



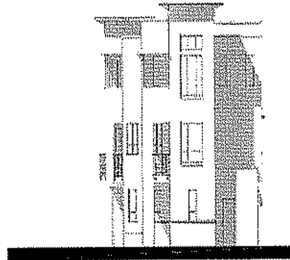
ATTACHMENT 2

Proposed Elevations

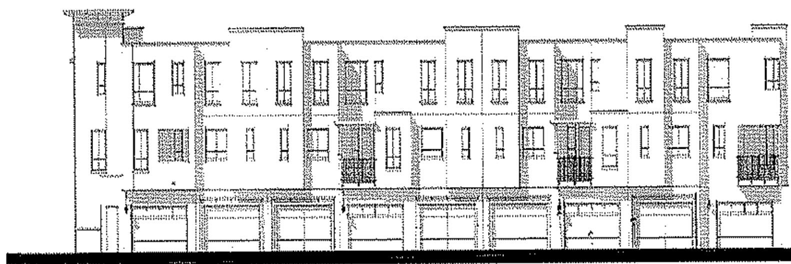
FRONT ELEVATION



LEFT ELEVATION



RIGHT ELEVATION



REAR ELEVATION

Architectural Elements

1. Stucco Body
2. Metal Parapet Cap
3. Metal Railing
4. Foam Detail
5. Metal / Wood Trim at Canopy
6. Metal Sectional Garage Doors
7. Aluminum Window
8. Vine Wire at Gagage Doors
9. Light Fixture

RESOLUTION NO. __________

A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE AGENCY AND CENTURY VILLAGE GROUP, LLC AND THE AGENCY AND MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development ("Agency") is a community redevelopment agency duly organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and has been authorized to transact business and exercise the power of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City"); and

WHEREAS, the existing Garden Grove Community Project and the boundaries of the Community Project Area ("Project Area") were duly established by various ordinances of the City Council, which ordinances approved a redevelopment plan for the Garden Grove Community Project, as amended ("Redevelopment Plan"); and

WHEREAS, Agency is vested with the power to implement the Redevelopment Plan and to carry out the goals and objectives of the Garden Grove Community Project, including without limitation the goals and objectives adopted by the Agency's implementation plan (the "Implementation Plan") pursuant to the CRL; and

WHEREAS, the Agency is authorized and empowered by the CRL to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within a redevelopment project area in conformity with a redevelopment plan adopted for such area, to acquire real and personal property in redevelopment project areas, to receive consideration for the provision by the Agency of redevelopment assistance, to make and execute contracts and other instruments necessary or convenient to the exercise of its powers, and to incur indebtedness to finance or refinance redevelopment projects; and

WHEREAS, Century Village Group, LLC ("Developer") is a limited liability company duly organized under the laws of the State of California and experienced in the acquisition, construction and development of for-sale residential communities; and

WHEREAS, Agency desires to enter into that certain Disposition and Development Agreement ("DDA") with Developer relating to the disposition of real property (the "Site") as shown on the Site Map attached hereto as Exhibit A and incorporated herein and development thereon of a 53 unit townhome community as more fully described in the DDA (the "Project"); and

WHEREAS, the Agency is authorized to convey an interest in its real property to the Developer pursuant to the CRL; and

WHEREAS, the Agency has adopted an Implementation Plan pursuant to CRL Section 33490, which sets forth the objective of increasing the community's economic base by encouraging new investment in the community, insuring the optimum generation of local revenues by facilitating the redevelopment and reuse of land, maximizing the use of property to achieve the highest and best use and a feasible economic return, and promoting new investment; and

WHEREAS, by providing for the development of the Project on the Site, the DDA will assist the Agency in meeting the development policies and objectives set forth in the Implementation Plan, specifically the goal of reducing blighting economic conditions and increasing housing opportunities by encouraging new investment in the community through facilitating the development and consolidation of small underutilized; and

WHEREAS, pursuant to Sections 33430 and 33431 of the CRL, the Agency is authorized, after a duly noticed public hearing, to convey the Site for development pursuant to the Redevelopment Plan; and

WHEREAS, on April 13, 2010, the Agency held a duly noticed public hearing on the proposed DDA in accordance with Health and Safety Code Sections 33430 and 33431, at which time the Agency reviewed and evaluated all of the information, testimony, and evidence presented during the public hearing; and

WHEREAS, notice of the public hearing was published in the Orange County News newspaper, and the proposed DDA was available for public inspection prior to the public hearing as stated in the published notice of public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed DDA have been taken in an appropriate and timely manner; and

WHEREAS, the City Council has previously determined, in its adoption of the ordinance approving the Redevelopment Plan, that the Site was blighted; and

WHEREAS, the DDA will assist in the elimination of blight by providing for the development and operation of the Project on the Site; and

WHEREAS, the City Council, as the Lead Agency pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000, *et seq.* ("CEQA"), has adopted on April 13, 2010 a Negative Declaration in connection with the City Council's consent of the DDA; and

WHEREAS, the Agency, as a responsible agency, has considered the Negative Declaration approved by the City and all evidence in the record, including any comments submitted with regard to the Negative Declaration; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed DDA and believes that the Project is in the best interests of the City of Garden Grove and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Agency for Community Development as follows:

1. Each of the foregoing recitals is true and correct.

2. The Agency finds and determines that, based upon substantial evidence provided in the record before it, the consideration for the Agency's conveyance of the Site pursuant to the terms and conditions of the DDA is not less than the fair market value of the Site.

3. The Agency hereby finds and determines that the conveyance of the Site, construction and operation of the Project, pursuant to the DDA will eliminate blight within the Project Area by providing for the proper reuse and redevelopment of a portion of the Project Area, which was previously declared blighted.

4. The Agency hereby finds and determines that the DDA is consistent with the provisions and goals of the Implementation Plan.

5. The Agency has reviewed and considered the Negative Declaration prepared by the City and the Agency finds and determines, based on all evidence in the record, that there is no substantial evidence that the Project will have a significant effect on the environment. The Agency, as a Responsible Agency, therefore approves the Negative Declaration.

6. The Agency hereby approves the DDA between the Agency and Developer, in the form of the DDA, which has been submitted herewith.

7. The Agency Director and the Agency Secretary are hereby authorized to execute and attest the DDA, including any related attachments, on behalf of the Agency. Copies of the final form of the DDA, when duly executed and attested, shall be placed on file in the office of the City Clerk.

8. The Agency Director (or his/her duly authorized representative) is further authorized to implement the DDA and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the DDA. The Agency Director (or his/her duly authorized representative) is hereby authorized to the extent necessary during the implementation of the DDA to make technical or minor changes thereto after execution, as necessary to properly implement and carry out the DDA, provided the changes shall not in any manner materially affect the rights and obligations of the Agency.

9. The Agency Secretary shall certify to the adoption of this Resolution.

PASSED AND ADOPTED this 13th day of April, 2010.

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

____

Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
Stradling Yocca Carlson & Rauth
Agency Special Counsel

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, __________, Secretary of the Garden Grove Agency for Community Development, hereby certify that the above and foregoing Resolution was duly and regularly adopted by the Agency at a regular meeting thereof held on the 13th day of April, 2010, and that it was so adopted by the following vote of the Agency:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____ day of __________, 2010.

____
Agency Secretary

EXHIBIT A

SITE MAP

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE CONSENTING TO THE APPROVAL BY THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT OF A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE AGENCY AND CENTURY VILLAGE GROUP, LLC

WHEREAS, the Garden Grove Agency for Community Development (the "Agency") is charged with implementing the Redevelopment Plan (the "Redevelopment Plan") as adopted for the Garden Grove Community Project; and

WHEREAS, the Agency has adopted an implementation plan ("Implementation Plan") in the course of implementing the Redevelopment Plan; and

WHEREAS, the Agency is authorized to convey land under Sections 33431 and 33433 of the Health and Safety Code in furtherance of the implementation of the Redevelopment Plan; and

WHEREAS, the Agency owns certain real property (the "Agency Property"), as shown on the Site Map attached hereto as Exhibit A and incorporated herein by reference (the "Site"); and

WHEREAS, the Agency proposes to convey the Site to Century Village Group, LLC (the "Developer") subject to the conditions more particularly described in the draft Disposition and Development Agreement on file with the Agency Secretary (the "Agreement"); and

WHEREAS, in order to carry out and implement the Redevelopment Plan for the Agency's redevelopment project, the Agency proposes to enter into the Agreement with the Developer, pursuant to which the Agency would convey the Site to the Developer and the Developer would construct and operate the Project described in the Agreement; and

WHEREAS, the Project is located within the project area of the Garden Grove Community Project (the "Project Area" and the "Redevelopment Project", respectively) and the acquisition, construction and operation of the Project pursuant to the Agreement would benefit the Project Area by implementing the consolidation of a relatively small piece with a larger, existing parcel and by providing for improvements within the Project Area as well as housing opportunities within the Project Area; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements; and

WHEREAS, under the Agreement, the Developer shall receive conveyance of the Site from the Agency in accordance with the Agreement as more particularly described in the summary report made in accordance with Section 33433 of the California Health and Safety Code (the "Report"). The value of the Site, is based upon a fair market value appraisal of the Site, as more fully described in the Report; and

WHEREAS, the Developer has submitted to the Agency and the City Council of the City of Garden Grove (the "City Council") copies of the Agreement substantially in the form submitted herewith; and

WHEREAS, the value to be received by the Agency under the Agreement for the Site is referenced in the Report and is the fair market value as reflected by the appraisal of an independent appraiser referenced in the Report and which is on file with the Agency; and

WHEREAS, pursuant to Section 33433 of the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.), the Agency is authorized, with the approval of the City Council after a duly noticed public hearing, to sell the Site pursuant to the Redevelopment Plan upon a determination by the City Council that the such sale of the Site will assist in the elimination of blight, that the consideration for such sale is not less than the fair market value of the Site, and that the sale under the terms and conditions set forth in the Agreement is consistent with the implementation plan which has been adopted by the Agency for the Redevelopment Project (the "Implementation Plan"); and

WHEREAS, a joint public hearing of the Agency and City Council on the proposed Agreement was duly noticed in accordance with the requirements of Health and Safety Code Sections 33431 and 33433; and

WHEREAS, the proposed Agreement, and a summary report meeting the requirements of Health and Safety Code Section 33433, were available for public inspection prior to the joint public hearing consistent with the requirements of Health and Safety Code Section 33433; and

WHEREAS, on April 13, 2010, the Agency and City Council held a joint public hearing on the proposed Agreement, at which time the City Council and the Agency reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the Agency has reviewed the summary report required pursuant to Health and Safety Code Section 33433 and evaluated other information provided to it pertaining to the findings required pursuant to Health and Safety Code Section 33433; and

WHEREAS, the City Council has previously determined, in its adoption of the ordinance approving the Redevelopment Project, that the Site is a portion of a blighted area, and is underutilized, as further set forth in the Implementation Plan as previously adopted and amended by the Agency; and

WHEREAS, the Agreement would assist in the alleviation or removal of blighting conditions and would further the goals of the Implementation Plan by providing for the provision of improvements and the operation of certain uses as provided in the Agreement; and

WHEREAS, the City Council, as the Lead Agency pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000, et seq. ("CEQA"), has prepared and circulated in compliance with all legal requirements a Negative Declaration in connection with the City Council's approval of the Project; and

WHEREAS, the Agency and the City Council have duly considered all of the terms and conditions of the proposed Agreement and believes that the redevelopment of the Site pursuant to the Agreement is in the best interests of the City of Garden Grove and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES RESOLVE AS FOLLOWS:

Section 1. The City Council finds and determines that, based upon substantial evidence provided in the record before it, the consideration for the Agency's disposition of the Site, and other items set forth in the Agreement, present not less than the fair market value.

Section 2. The City Council hereby finds and determines that there have been no substantial changes in the Project or the circumstances under which the Project is undertaken, and there is no new information with respect to the Project, which would require any further environmental analysis or approvals pursuant to CEQA. The City Council hereby adopts the Negative Declaration for the Project. The City Clerk is hereby authorized to prepare and file a Notice of Determination with the Clerk for the County of Orange pursuant to 14 California Code of Regulations section 15075.

Section 3. The City Council hereby finds and determines that the disposition of the Site by the Agency pursuant to the Agreement will eliminate blight within the Project Area by contributing to consolidation of relatively small parcels with a larger parcel, promoting improvements, and expanding the housing opportunities available within the community, as well as providing for the proper reuse and redevelopment of a portion of the Project Area which was declared blighted.

Section 4. The City Council hereby finds and determines that the Agreement is consistent with the provisions and goals of the Implementation Plan.

Section 5. The City Council hereby consents to and approves the Disposition and Development Agreement. The City Council consents that the Director of the Agency (or his designee) is hereby authorized, on behalf of the Agency, to make revisions to the Agreement which do not materially or substantially increase the Agency's obligations thereunder or materially or substantially change the uses or development permitted on the Site, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the Agency's obligations, responsibilities and duties to be performed under the Agreement and related documents.

PASSED AND ADOPTED by the City Council of the City of Garden Grove, California, this ____ day of ___________, 2010, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

MAYOR OF THE CITY OF GARDEN GROVE

ATTEST:

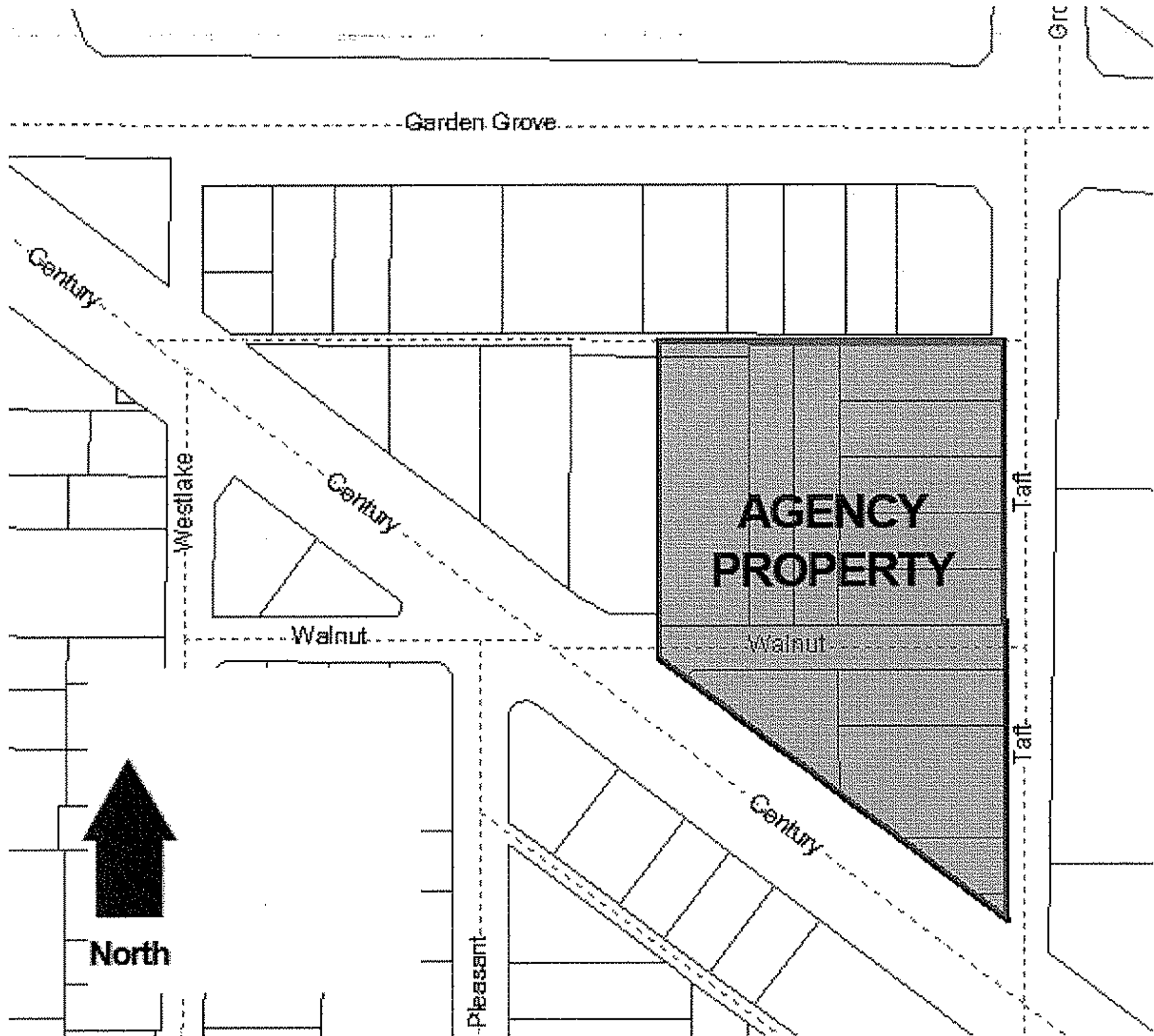
City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

SITE MAP



ENVIRONMENTAL CHECKLIST FORM

1. **PROJECT TITLE:**

   Century Village Group, LLC Disposition and Development Agreement

2. **LEAD AGENCY:**

   City of Garden Grove
   11222 Acacia Parkway
   P.O. Box 3070
   Garden Grove, CA 92842

3. **CONTACT PERSON:**

   Jim DellaLonga, Project Manager, City of Garden Grove

4. **PROJECT LOCATION:**

   Northwest corner of Century Boulevard and Taft Street, west side of Harbor Boulevard, south of Lampson Avenue.

5. **PROJECT SPONSOR:**

   City of Garden Grove Economic Development Department
   11222 Acacia Parkway
   Garden Grove, CA 92840

6. **GENERAL PLAN DESIGNATION:**

   Civic Institution and Residential/Commercial Mixed Use 1

7. **ZONING:**

   CCSP-CC43 (Community Center Specific Plan – Community Commercial District)

8. **DESCRIPTION OF PROJECT:**

   Consideration of a Disposition and Development Agreement between Century Village Group, LLC (applicant) and the Garden Grove Agency for Community Development for a proposal to develop an approximately 2.67 acre site with a 53 unit townhouse development with associated parking and open space improvements. The project entitlements, which will be reviewed separately for potential environmental impacts, will include a Zone Change to change the zoning of the property from CCSP-CC43 (Community Center Specific Plan – Community Commercial District) to Planned Unit Development, a Site Plan, and a Tentative Tract Map.

9. **OTHER AGENCIES WHOSE APPROVAL (AND PERMITS) IS REQUIRED:**

   Garden Grove Agency for Community Development

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" or "Potentially Significant Unless Mitigated," as indicated by the checklist on the following pages.

___Land Use	___Transportation/Circulation	__ Public Services
___Housing	___Biological Resources	__ Utilities and Services
___Geophysical	___Energy Resources	___Aesthetics
___Water Quality	___Hazards	___Cultural Resources
___Air Quality	___Noise	___Recreation
	__ Mandatory Findings of Significance	

DETERMINATION:

On the basis of this initial evaluation:

I find that although the proposed project COULD have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described in Section XVII.c at the end of this study have been added to the project. A NEGATIVE DECLARATION will be prepared.

Jim Della Longa (signature)
Signature

03/11/2010
Date

Jim Della Longa
Printed Name

For:
City of Garden Grove

EVALUATION OF ENVIRONMENTAL IMPACTS:

1. A brief explanation is required for all answers except *"No Impact"* answers that are adequately supported by the information sources a lead agency cited in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simple does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A *"No Impact"* answer should be explained where it is based on project-specific factors as well as general standards (e.g. the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis.

2. All answers must take into account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level indirect as well as direct, and construction as well as operational impacts.

3. *"Potentially Significant Impact"* is appropriate if an effect is significant or potentially significant, or if the lead agency lacks information t make a finding of significance. If there are one or more *"Potentially Significant Impact"* entries when the determination is made, an EIR is required.

4. *"Potentially Significant Unless Mitigated"* applies when the incorporation of mitigation measures has reduced an effect from *"Potentially Significant Impact"* to a *"Less than Significant Impact."* The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, "Earlier Analysis," may be cross-referenced).

5. Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). Earlier analyses are discussed in Section XVII at the end of the checklist.

6. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

	Potentially Significant Impact	Potentially Significant Unless Mitigated	Less than Significant Impact	No Impact

I. LAND USE AND PLANNING

	Potentially Significant Impact	Potentially Significant Unless Mitigated	Less than Significant Impact	No Impact
a. Conflict with General Plan designation or zoning.	☐	☐	☐	☒

Response: The proposed project will not be in conflict with the General Plan and zoning of the site, which anticipates the development of medium density residential developments, such as the proposed 53 unit townhouse development. The site currently maintains a General Plan Land Use designation of Civic Institution and Residential/Commercial Mixed Use and a zoning designation of CCSP-CC43 (Community Center Specific Plan-Community Commercial District). The proposed project currently involves consideration of a Disposition and Development Agreement between JBD Infill Investments, LLC (applicant) and the Garden Grove Agency for Community Development of a proposal for the future development of a 2.67 acre site with a 53 unit townhouse development with associated parking and open space improvements. The project entitlements, which include a Site Plan and Tentative Tract Map to consolidate the properties, will also include a Zone Change to change the zoning of the properties from CCSP-CC43 (Community Center Specific Plan-Community Commercial District) to Planned Unit Development. With the approval of the Zone Change to Planned Unit Development the project will be consistent with the General Plan Land Use designation and zoning for the property. Therefore, no conflict with the General Plan Land Use designation or the property's zoning is anticipated.

	Potentially Significant Impact	Potentially Significant Unless Mitigated	Less than Significant Impact	No Impact
b. Conflict with applicable environmental plans or policies adopted by agencies with jurisdiction over the project.	☐	☐	☒	☐

Response: The proposed project is located within a highly urbanized area of Orange County and is in conformance with applicable federal, state and City of Garden Grove environmental requirements and plans. The Final Environmental Impact Report prepared and certified, in August 2008, as a part of the General Plan Update (State Clearinghouse No. 2008041079, the General Plan EIR), addressed intense type of development for this area with respect to residential development, such as the proposed townhouse development, and associated potential impacts such as increased traffic in the area, water and sewer concerns, and design issues. Therefore, the project does not have the potential to conflict with environmental plans adopted by agencies with jurisdiction over the project. In addition to the General Plan Update and EIR, the area is also governed by the Redevelopment Project Plan and EIR, adopted July 2, 2002, Resolution No. 629. The project plan and subsequent EIR addressed such development and indicated projects to be properly evaluated and appropriate studies and actions be applied as necessary. This included consideration of any traffic, sewer, water, housing, etc. studies to be provided as deemed appropriate. The proposed development is considered for DDA (Disposition and Development Agreement) purposes and entitlement plans are to follow. The actual entitlement phase will impose the necessary conditions, requirements, and studies to reduce and/or mitigate any potential negative impacts on the surrounding area and adjoining properties.

	Potentially Significant Impact	Potentially Significant Unless Mitigated	Less than Significant Impact	No Impact
c. Affect agricultural resources or operations (e.g. impacts to soils or farmlands, or impacts from incompatible uses).	☐	☐	☐	☒

Response: The proposed changes in land use, and the proposal for development are consistent with the City's adopted General Plan. The project area is currently a vacant site. The adjoining land uses are, commercial properties to the north, south, east, and west. The existing site has been vacant for some years and no agricultural activity has occurred here during this period of time. Therefore, there will be no impacts to agricultural resources or operations. Furthermore, the current General Plan's EIR reviewed the current and future land uses within the area and found that there will be no impact to agricultural resources.

	Potentially Significant Impact	Potentially Significant Unless Mitigated	Less than Significant Impact	No Impact
d. Disrupt or divide the physical arrangement of an established community, including a low-income or minority community.	☐	☐	☐	☒

Response: The project site is a vacant property that gains access to Century Boulevard, Taft Street, and an alley way located along the northern boundary of the site. Both Century Boulevard and Taft Street provide access to the surrounding developments. The Disposition and Development Agreement proposes that the site be improved with a 53-unit townhouse development with associated parking and open space improvements. The future development will be in character with the development that is envisioned with in the City's General Plan. The site design and architectural appearance will not disrupt the physical arrangement of any existing development within the area. During construction there may be disruptions in traffic patterns or an increase in noise. These impacts are considered to be less than significant as these disruptions are temporary in nature and have been addressed in the General Plan EIR.

II. POPULATION AND HOUSING

a. Cumulatively exceed official regional or local population projections.	☐	☐	☐	☒
b. Induce substantial growth in an area either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure).	☐	☐	☐	☒
c. Displace existing housing, especially affordable housing.	☐	☐	☐	☒

Response: (a, b, & c) While the site previously had been developed with ten single-family homes, currently there are no housing units existing on the site and therefore no displacement of residents will occur as a result of this proposed development. While the development will replace the ten units that were previously on the site, the proposed development will increase population and housing in the immediate area by an additional 43 units, which will further the housing goals of the City's adopted Housing Element. The proposed project is located in a highly urbanized area and all infrastructure is already in place. The proposed development is within the density limits permitted under the current General Plan land use designation of for the site. The development of the future project is within the thresholds that were considered and addressed with the EIR for the City's current General Plan.

III. GEOPHYSICAL

a. Seismicity: Fault rupture.	☐	☐	☒	☐

Response: The nearest major active fault along which a rupture or a major seismic event could occur is the Newport-Inglewood Fault, which is located just west of Dana Point Harbor up through Newport Beach into south Los Angeles County. The seismic parameters of the site are similar to those of other areas in Orange County during the maximum credible event along the Newport-Inglewood Fault Zone that is estimated to be of 7.5 magnitude. No fault rupture is expected in the immediate vicinity of the project.

Some exposure to seismic-related hazards is expected. This impact is not considered significant because the exposure is no different than the exposure of virtually all new and existing development in Orange County. The proposed project does not alter the existing exposure. To mitigate any potential impacts, all construction shall comply with applicable building codes including but not limited to the C.B.C., Fire Code, and City requirements.

b. Seismicity: Ground shaking or liquefaction.	☐	☐	☒	☐

Response: The project area, like all of Southern California, is subject to ground-shaking and other secondary impacts from seismic activity, such as liquefaction. Liquefaction could potentially occur during a maximum intensity event along the Newport-Inglewood fault due to the possibly saturated nature of the sandy soils in the area.

Some exposure to seismic-related hazards is expected. However, this impact is not considered significant because the exposure is no different than the exposure of virtually all new and existing development in Orange County. The proposed project does not alter the existing exposure. To mitigate any potential impacts all construction is required to adhere to the California Building Code as it pertains to seismic safety.

c. Seismicity: Seiche or tsunami. ☐ ☐ ☐ ☒

Response: Seiches and tsunamis are not anticipated to occur in the vicinity of this project due to its distance from the coast and absence of large water bodies in the project area.

d. Landslides or mudslides. ☐ ☐ ☐ ☒

Response: The project area is relatively flat and would not normally be subject to landslides or mudslides. The construction of the proposed project may involve comparatively small excavations that will be required to be made in accordance with all applicable codes and standards to minimize the threat of a landslide or mudslide.

e. Erosion, changes in topography or unstable soil conditions from excavation, grading or fill. ☐ ☐ ☐ ☒

Response: Changes in topography will result during the site preparation and grading. A project of this size should not create substantial impacts to the soil or topography of the area due to the site's natural drainage pattern. Site drainage will be required to meet Engineering Services Division standards that will require storm water drainage to flow off the site, but yet be in compliance with the WQMP and LID (Low Impact Development) provisions. Drainage easements may be required for storm drain purposes. The location of the easement(s) and the size of storm drains will be determined before site preparation begins. In order to mitigate potential site drainage issues, all construction involving excavation and/or grading is required to adhere to the requirements of the Engineering Services Division. All improvements are required to adhere to applicable codes including the California Building Code, and State and Federal Occupational Safety requirements.

f. Subsidence of the land. ☐ ☐ ☒ ☐

Response: Vertical displacement or subsidence of the land surface can be caused by several factors, including the withdrawal of oil, gas, or water from underlying formations, decomposition of buried organic material, and construction of heavy manmade structures above underlying poorly consolidated materials. None of these or any other conditions typically contributing to subsidence are expected in the project area. All new construction is required to adhere to the requirements of the Engineering Services Division to address any subsidence of the land. All improvements are required to adhere to applicable codes including the California Building Code, and State and Federal Occupational Safety requirements.

g. Expansive soils. ☐ ☐ ☒ ☐

Response: All improvements are required to adhere to applicable codes including the California Building Code, and California Occupational Safety requirements.

h. Unique geologic or physical features. ☐ ☐ ☐ ☒

Response: There are no known unique geologic or physical features in the project area.

IV. HYDROLOGY AND WATER QUALITY

a. Violate any water quality standards or waste discharge requirements? ☐ ☐ ☐ ☒

Response: The Project will not involve operations that could affect water quality standards. The Project site is located within an urbanized area with existing residential, commercial and open space uses. The use of the proposed residential development will not generate the types of activities that would effect water quality standards or waste discharge requirements.

b. Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level that would not support existing land uses or planned uses for which permits have been granted?) ☐ ☐ ☒ ☐

Response: The project will not involve operations that could affect aquifers' recharge capability or alter the direction of groundwater flow. The area is urbanized with existing residential and commercial uses. The construction will not require substantial excavations and other related below-grade work, and is not expected to use of large quantities of water. Any water pumped out, if necessary, will be subject to discharge requirements of the Regional Water Quality Control Board, the Garden Grove Sanitation District, and Garden Grove Public Works Water Services Division.

c. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on or off-site? ☐ ☐ ☐ ☒

d. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface run-off in a manner which would result in flooding on- or off-site? ☐ ☐ ☐ ☒

Response: (c and d) There are no surface waters within the project area. The Santa Ana River is located east of the project site. All run-off from the area is, and will continue to be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the project will not directly affect surface waters.

e. Create or contribute run-off water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted water? ☐ ☐ ☒ ☐

Response: There will be less than significant change in absorption rates, drainage patterns and in the rate or amount of surface run-off as of the land is presently urbanized. To ensure proper drainage is provided, grading and drainage plans are required to be incorporated into the construction plans and approved by the Engineering Services Division prior to the issuance of any building permits and commencement of construction.

f. Otherwise substantially degrade water quality? ☐ ☐ ☒ ☐

Response: There will be less than significant change in absorption rates, drainage patterns and in the rate or amount of surface run-off as the land is presently urbanized. To ensure proper drainage is provided, grading and drainage plans are required to be incorporated into the construction plans and those plans approved by the Engineering Services Division prior to the issuance of any building permits and the commencement of construction.

g. Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? ☐ ☐ ☐ ☒

Response: The project area is located within 500-year flood zone. The grading improvement plans will be required to take this into consideration in designing the placement of the building, the height of the building pad, and related improvements to ensure surface drainage and run-off issues are properly addressed, this includes items under the provisions of WQMP and NPDES requirements (Flood Zone Map, Flood Zone "A" 060220-0139-H, December-3, 2009).

h. Place structures within a 100-year flood hazard area which would impede or redirect flood flows? ☐ ☐ ☐ ☒

Response: The project area is located within 500-year flood zone. The grading improvement plans will be required to take into consideration the placement of the building, the height of the finished elevation building pad, and related improvements to ensure surface drainage and run-off issues are properly addressed, this includes items under the provisions of WQMP and NPDES requirements.

i. Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure or a levee or dam? ☐ ☐ ☐ ☒

Response: The project area is located within 500-year flood zone. The grading improvement plans will be required to take into consideration the placement of the building, the height of the finished elevation building pad, and related improvements to ensure surface drainage and run-off issues are properly addressed, this includes items under the provisions of WQMP and NPDES requirements.

j. Inundation by seiche, tsunami, or mudflow? ☐ ☐ ☐ ☒

Response: Seiches, tsunamis, and mudflows are not anticipated to occur in the vicinity of this project due to its distance from the coast, absence of large bodies of water, or hilly or mountainous areas that potentially could cause mudflows.

k. Result in an increase in pollutant discharges to receiving waters? Consider water quality parameters such as temperature, dissolved oxygen, turbidity and other typical stormwater pollutants (e.g., heavy metals, pathogens, petroleum derivatives, synthetic organics, sediment, nutrients, oxygen-demanding substances, and trash). ☐ ☐ ☒ ☐

Response: Project run-off will be directed into the existing storm drain system adjacent to the site. The local storm drain system has adequate capacity to handle the incremental increase in storm and urban water run-off generated by this project in that the site area has already been developed and the run-off and absorption rates should not increase and decrease respectively as the new project is developed on the site.

l. Result in significant alteration of receiving water quality during or following construction. ☐ ☐ ☒ ☐

Response: There are no surface waters within the area in which the Project is to be located. All run-off from the area is, and will continue to be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the Project will not significantly affect receiving water quality.

m. Could the project result in increased erosion downstream? ☐ ☐ ☐ ☒

Response: There will be less than significant change in absorption rates, drainage patterns and in the rate or amount of surface run-off as of the land is presently urbanized. To ensure proper drainage is provided, grading and drainage plans are required to be incorporated into the construction plans and approved by the Engineering Services Division prior to the issuance of any building permits and the commencement of construction.

n. Result in increased impervious surfaces and associated increased run-off? ☐ ☐ ☒ ☐

Response: There will be less than significant change in absorption rates, drainage patterns and in the rate or amount of surface runoff as of the land is presently urbanized. To ensure

proper drainage is provided, grading and drainage plans are required to be incorporated into the construction plans and approved by the Engineering Services Division prior to the issuance of any building permits and commencement of construction.

o.	Create a significant adverse environmental impact to drainage patterns due to changes in run-off flow rates or volumes.	☐	☐	☒	☐

Response: There will be less than significant change in absorption rates, drainage patterns and in the rate or amount of surface run-off as of the land is presently urbanized. To ensure proper drainage is provided, grading and drainage plans are required to be incorporated into the construction plans and approved by the Engineering Services Division prior to the issuance of any building permits and commencement of construction.

p.	Tributary to other environmentally sensitive areas? If so, can it exacerbate already existing sensitive conditions?	☐	☐	☒	☐

Response: All run-off from the area is, and will continue to be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the Project will not directly affect existing environmentally sensitive areas.

q.	Tributary to an already impaired water body, as listed on the Clean Water Act Section 303(d) list? If so, can it result in an increase in any pollutant for which the water body is already impaired?	☐	☐	☒	☐

Response: All run-off from the area is, and will continue to be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the Project will not directly affect already impaired waters.

r.	Have a potentially significant environmental impact on surface water quality to either marine, fresh or wetland waters?	☐	☐	☒	☐

Response: All run-off from the area is, and will continue to be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the Project will not significantly affect surface water quality.

s.	Have a potentially significant adverse impact on ground water quality?	☐	☐	☐	☒
t.	Cause or contribute to an exceedance of applicable surface or groundwater receiving water quality objectives or degradation of beneficial uses?	☐	☐	☐	☒

Response: (s and t) The project will not involve operations that could affect aquifers' recharge capability or alter the direction of groundwater flow. The area is urbanized with existing residential and commercial uses. It is not anticipated that this project will affect surrounding aquifers.

u.	Impact aquatic, wetland, or riparian habitat?	☐	☐	☒	☐

Response: The project will not impact aquatic, wetland, or riparian habitats. No such environments are located within the Project area or in the immediate area. All run-off from the area is, and will be, collected in local and regional storm drain facilities. These waters will be transported with other urban run-off into City and County drainage facilities. Therefore, the Project will not directly affect and aquatic, wetland, or riparian habitat.

V. AIR QUALITY

a. Violate any air quality standard or contribute to an existing or projected air quality violation. ☐ ☐ ☐ ☒

Response: The permitted uses and operations that are anticipated do not appear to create the potential for significant amounts of air pollutants. Therefore, there will be no violations of any air quality standard. No additional impacts are seen to existing air quality standards nor additional sources created that would contribute to an existing or projected air quality violation. Furthermore, the City's General Plan EIR addressed issues as they relate to Air Quality and the proposed future project does not exceed the maximum densities and development intensity that was address within the EIR.

b. Expose sensitive receptors to pollutants. ☐ ☐ ☐ ☒

Response: The proposed project will not significantly increase the exposure of sensitive receptors to pollutants. The General Plan EIR addressed similar type development for this site, but at a much higher intensity. The limited scope and intensity of the proposed project is not expected to exceed the projections contained in the General Plan Update.

c. Alter air movement, moisture, or temperature, or cause any change in climate. ☐ ☐ ☐ ☒

Response: The proposed project, uses, and the necessary on-site modifications would not have the capability to alter air movement, moisture or temperature, or cause a change in the climate.

d. Create objectionable odors. ☐ ☐ ☐ ☒

Response: No objectionable odors would be created by the proposed development. During construction objectionable odors may occur within the area. This impact is not considered significant due to the temporary nature of these odors. The General Plan EIR addressed odors that may arise as the result of new construction. The project is required to adhere to all mitigation measures pertaining to construction odors.

VI. TRANSPORTATION

a. Increased vehicle trips or traffic congestion. ☐ ☐ ☒ ☐

b. Hazards to safety from design features (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment). ☐ ☐ ☒ ☐

Response: (a and b) **The** development is likely to increase vehicle trips and traffic congestion in the area, but not beyond the scope analyzed in the General Plan EIR. During the project entitlement process, the applicant may be required to prepare a traffic analysis for the proposed project should the City's Traffic Engineer deem it appropriate due to the final layout and design of the project. Any future traffic analysis will include measures to mitigate any identified impacts and also include any significant traffic related improvements in order to facilitate the proposed development. This will include any increased traffic during the construction of the project, which are temporary in nature and typically do not create a significant impact. All projects involving construction in the public right-of-way will be required to submit a traffic safety plan to minimize traffic congestion.

c. Inadequate emergency access to nearby uses. ☐ ☐ ☐ ☒

Response: Emergency access to the proposed development and surrounding areas will not be affected. As addressed in the EIR for the City's current General Plan, Police and Fire services in the area are adequate to accommodate both existing and future development provided the project complies with the conditions of approval included on the project during the entitlement review process by the Police and Fire Departments.

d. Insufficient parking capacity on-site or off-site. ☐ ☐ ☐ ☒

Response: The project will be designed to accommodate the parking needs for the project and which will meet the requirements of the Community Center Specific Plan. During the final design stage of the project the exact parking requirements will be analyzed and should the need for a parking management plan be required, a parking study will be prepared for the project prior to the entitlement review process.

e. Hazards or barriers for pedestrians or bicyclists. ☐ ☐ ☒ ☐

Response: Barriers for pedestrians or bicyclists may occur during the period of construction. If barriers are required the applicant will be required to submit a traffic safety plan for review and approval by the City prior to the commencement of construction in the public right-of-way in order to ensure the safety of pedestrians and/or bicyclists.

f. Conflicts with adopted policies supporting alternative transportation. ☐ ☐ ☐ ☒

Response: The proposed future development will not impact existing or proposed policies pertaining to alternative transportation, and mass transit stops are in close proximity to the development.

g. Rail, waterborne or air traffic impacts. ☐ ☐ ☐ ☒

Response: There are no air or waterborne traffic corridors in the immediate area. The site is not located within a flight path of any airport.

VII. BIOLOGICAL RESOURCES

a. Endangered threatened or rate species, or their habitats (including but not limited to plants, fish, insects, animals, and birds). ☐ ☐ ☐ ☒

Response: In general, wildlife diversity in the project area is low due to the urbanized nature of the area and its surroundings. The site, which has been vacant for some years, had been previously developed with single-family residential homes and a commercial development. There are no areas where any type of favorable habitat has existed on the site for at least the past 30 years. Endangered species are not expected to occur in the area due to the lack of suitable habitat. No impacts are expected.

b. Locally designated species (e.g., heritage trees). ☐ ☐ ☐ ☒

Response: The site is devoid of native vegetation and there are no locally designated species on the project site.

c. Locally designated natural communities (e.g., oak forest, coastal habitat, etc.). ☐ ☐ ☐ ☒

Response: The site is devoid of native vegetation and there are no locally designated natural communities on the project site.

d. Wetland habitat (e.g., marsh, riparian and venal pool). ☐ ☐ ☐ ☒

Response: There are no wetland habitats in the area of the project site.

e. Wildlife dispersal or migration corridors. ☐ ☐ ☐ ☒

Response: The project area does not serve as a dispersal and/or migration corridor as the area is within a highly urbanized area.

VIII. ENERGY AND MINERAL RESOURCES

a. Conflict with adopted energy conservation plans. ☐ ☐ ☐ ☒

Response: The proposed development for this site is not in conflict with adopted energy conservation plans. All structures will be required to utilize energy conservation measures such as wall and ceiling insulation, dual pane windows, and weather stripping.

b. Use non-renewable resources in a wasteful and inefficient manner.	☐	☐	☐	☒

Response: All development on the project site is required to adhere to all State and City energy-conservation regulations including energy efficient lighting, ventilation, and heating systems. Therefore, the development will not create uses that use non-renewable resources in a wasteful manner.

IX. HAZARDS

a. A risk of accidental explosion or release of hazardous substances (e.g., oil, pesticides, chemicals, and radiation).	☐	☐	☐	☒
b. Possible interference with an emergency response plan or emergency evacuation plan.	☐	☐	☐	☒
c. The creation of any health hazard or potential health hazard.	☐	☐	☐	☒
d. Exposure of people to existing sources of potential health hazards.	☐	☐	☐	☒

Response: (a through d) There will be no health hazards or potential for health hazards created by the proposed development or uses. The development will not create any health hazards or increase the potential of exposure to existing hazards. The project will not increase the risk of accidental explosion, release of hazardous substances, or create an interference with existing emergency response or evacuation plans. Any chemicals that are used for development of the site will be required to be stored pursuant to Fire Department storage requirements for hazardous substances, i.e. paint chemicals.

e. Increased fire hazard in area with flammable brush, grass, or trees.	☐	☐	☐	☒

Response: There are no anticipated physical changes that would increase fire hazards within the project area.

f. Would the project include a new or retrofitted stormwater Treatment Control BMPs (e.g., water quality treatment basin, constructed treatment wetlands), the operation of which could result in significant environmental effects (e.g., increase vectors and odors)?	☐	☐	☐	☒

Response: The project will not use new treatment BMP's that could create an increase in odors or vectors.

X. NOISE

a. Increases in existing noise levels.	☐	☐	☒	☐

Response: Construction activities associated with infrastructure improvements or the on-site development may temporarily increase noise levels at noise-sensitive receptors adjacent the project site. However, with the temporary nature of these construction-related activities and requirements for contractor compliance with County and City noise ordinances, noise impacts will be mitigated to a level of insignificance.

The development, and subsequent activities, is subject to the City's noise ordinance. Activities, that are likely to be noise generators within the proposed development, are typical residential uses and are not anticipated to above what have been addressed within the EIR for the City's General Plan. However, during the entitlement process for the project, should the final design

warrant further study, the developer/applicant shall be required to submit a noise study to address any potential noise impacts associated with the development.

b. Exposure of people to extreme noise levels. ☐ ☐ ☐ ☒

Response: Construction will occur within the project area. Although construction noise could cause an annoyance for surrounding uses, due to the temporary nature of any construction activities and the fact that construction activities and future development would be required to adhere to the County and City noise ordinances, the impact of extreme noise levels from any potential construction activities is considered to be less than significant. Noise from the proposed use will not be extreme as the activities are limited and regulated by the Garden Grove Municipal Code.

XI. PUBLIC SERVICES

a. Fire protection. ☐ ☐ ☒ ☐

Response: The City of Garden Grove Fire Department provides emergency response service to the project area. The project is not likely to induce significant growth and will not result in substantial new demand for fire protection services.

However, new construction will occur, and, due to the nature of the uses, there will be a slight increase in fire protection services. In order to mitigate impacts associated with this development, the development shall comply with the conditions of approval of the Fire Department including but not limited to providing a fire sprinkler system, and ensure clearly unobstructed emergency paths of travel, per the Fire Department's specifications and pay any related fees as plied to actual entitlement plans.

b. Police protection. ☐ ☐ ☒ ☐

Response: The Garden Grove Police Department provides police protection in the area. The project is not likely to induce growth beyond that is planned for the site and will not result in substantial new demand for police protection services. There are no anticipated physical changes within the area that would significantly affect police protection. However, due to the nature of the proposed use, it is likely that there will be an additional demand for police protection. In order to mitigate the anticipated impacts associated with the project, such as an increase in calls for service, the development shall comply with the conditions of approval of the Police Department.

c. Schools. ☐ ☐ ☐ ☒

Response: The proposed development will not increase the number of homes within the Garden Grove Unified School District. However, any potentially related impact is mitigated through the adoption of and subsequently applied mitigation school fees currently applied to new development in the City by the Garden Grove Unified School District. In order to ensure this concern is satisfied, the Developer shall provide the Community Development Department proof of payment of appropriate school fees, adopted by the Garden Grove Unified School District, prior to the issuance of building permits in accordance with the provisions of state law.

d. Maintenance of public facilities, including roads. ☐ ☐ ☒ ☐

Response: It is likely that the project, and the additional demand on the infrastructure, will increase maintenance requirements. The existing public facilities appear to be in reasonable condition and adequate to meet the demands of the proposed development. Should any infrastructure be inadequate to serve the site, then the developer will be required to make such improvements as part of the proposed development.

e. Other governmental services. ☐ ☐ ☐ ☒

Response: It is not likely that the project will increase demands on other governmental services other than those addressed in this analysis.

XII. UTILITIES AND SERVICE SYSTEMS

a. Power or natural gas. ☐ ☐ ☐ ☒

Response: There are no impacts to power or natural gas caused by this project. The existing infrastructure is adequate to meet the demands of the area including those generated by this project.

b. Communication systems. ☐ ☐ ☐ ☒

Response: There are no impacts to communications systems caused by this project. The existing infrastructure is existing and adequate to meet the demands in the area including those generated by this project.

c. Local or regional water treatment or distribution facilities. ☐ ☐ ☒ ☐

Response: There are no impacts to water treatment or distribution facilities caused by this project. The existing infrastructure is adequate to meet the demands of the area including those generated by this project.

d. Sewer or septic tanks. ☐ ☐ ☒ ☐

Response: At the time of the entitlement processing, based on the Sanitation Department's latest evaluation of sewer capacities in the immediate area and subsequent sewer lines serving this area, the applicant maybe required to prepare a sewer analysis relating to the potential impacts to the sewer system serving this area. The Garden Grove Sanitary District reviewed the analysis that was prepared for the General Plan's EIR, which addressed future impacts of development within the area. The Garden Grove Sanitation District's latest assessment does not indicate deficiencies in the general area.

e. Storm water drainage. ☐ ☐ ☒ ☐

Response: The project area is a highly urbanized area and storm water drainage facilities are in place and adequate to meet the needs for this area including those generated by this project.

f. Solid waste disposal. ☐ ☐ ☐ ☒

Response: Solid waste disposal services are administered by the Garden Grove Sanitary District. Collection services are provided via a contract with a private trash collection contractor. During final project design the applicant will be required to coordinate with the Garden Grove Sanitary District and their contractor for specific times for trash pick-up and confirm that the number of trash receptacles and location is sufficient for the proposed development.

XIII. AESTHETICS

a. Affect on a scenic vista or scenic highway. ☐ ☐ ☐ ☒

Response: The project area is not adjacent to any scenic vistas or highways. The physical improvements for this site will be compatible with the Community Design Guidelines as stated in the General Plan and with other improvements and developments in the area.

b. Have a demonstrable negative aesthetic effect. ☐ ☐ ☒ ☐

Response: The proposed development, along with recommended conditions of approval, will be compatible with the goals and objectives of the Design Guidelines contained in the City's adopted General Plan, and with the existing improvements and developments in the area. Therefore, there will be no demonstrable negative aesthetic effects caused by the proposed development.

c. Create light or glare. ☐ ☐ ☐ ☒

Response: During the design phase of the project, the project will be required to provide additional lighting in the area. The project is required to adhere to all Municipal Code requirements pertaining to minimum lighting levels. Additionally, the lighting will not be permitted to spill onto adjoining properties.

XIV. CULTURAL RESOURCES

a. Disturb paleontological resources. ☐ ☐ ☐ ☒

Response: There are no known paleontological resources in the area. If unanticipated paleontological resources are discovered during construction, all attempts will be made to preserve in place or leave in an undisturbed state in compliance with CEQA Section 21083.2.

b. Disturb archaeological resources. ☐ ☐ ☐ ☒

Response: There are no known archaeological resources in the area. If unanticipated archaeological artifacts are discovered during construction, all attempts will be made to preserve in place or leave in an undisturbed state in compliance with CEQA Section 21083.2.

c. Affect historical resources. ☐ ☐ ☐ ☒

Response: There are no known historical resources on the site. The Garden Grove General Plan Update notes 13-historically significant or potentially significant sites within the City limits. None of these sites are located in the project area.

d. Have the potential to cause physical change that would affect unique ethnic cultural values. ☐ ☐ ☐ ☒

Response: There are no structures or activities that have unique cultural or ethnic value. The project, therefore will not have the potential to affect unique ethnic or cultural values.

e. Restrict existing religious or sacred uses within the potential impact area. ☐ ☐ ☐ ☒

Response: The proposed development, and the use of the property, will not restrict religious or sacred uses. Therefore, there is no potential to restrict existing religious or sacred uses within the area of the project.

XV. RECREATION

a. Increase the demand for neighborhood or regional parks or other recreational facilities. ☐ ☐ ☐ ☒

b. Affect existing recreation facilities. ☐ ☐ ☐ ☒

Response: (a and b) The area to be developed does not contain public open space or otherwise reduce neighborhood or regional park facilities. The development will provide a private recreation area for the guests as well as an urban trail that will be available for public use as well. In addition, the developer is required to pay park in-lieu fees that are applied to the City's parks and recreation programs.

XVI. MANDATORY FINDINGS OF SIGNIFICANCE

a. The project does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory. ☐ ☐ ☐ ☒

b. The project does not have the potential to achieve short-term, to the disadvantage of long-term environmental goals.	☐	☐	☐	☒
c. The project does not have impacts that are individually, but cumulatively considerable ("Cumulatively considerable" means the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of current projects and the effects of probable future projects).	☐	☐	☐	☒
d. The project does not have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly.	☐	☐	☐	☒

XVII. EARLIER ANALYSIS

Earlier analyses may have been used where, pursuant to the tiering, program EIR, or other CEQA process, one or more effects have been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D).

a. EARLIER ANALYSIS:

1. The City of Garden Grove General Plan Update.
2. The City of Garden Grove Existing Conditions Report.
3. The City of Garden Grove Final Environmental Impact Report for the General Plan Update, State Clearinghouse No. 200804179, August 2008.
4. Title 9 of the Garden Grove Municipal Code.
5. Redevelopment Project Plan and subsequent EIR dated July 2, 2002, Resolution No. 629.
6. Garden Grove Sanitary District Sewer Deficiency Analysis and Sewer Improvement Master Plan.

b. IMPACTS ADEQUATELY ADDRESSED:

1. Land Use
2. Population and Housing
3. Geophysical
4. Water
5. Air Quality
6. Transportation
10. Noise
11. Public Services

c. MITIGATION MEASURES:

The project is consistent with the analysis that was done within the City of Garden Grove Final Environmental Impact Report for the General Plan Update, State Clearinghouse No. 200804179 and Redevelopment Project Plan and EIR, July 2, 2002. The project will be required to adhere to all mitigation measures as stated within the current General Plan's EIR, Redevelopment Plan EIR, as well as conditions of approval and any future studies that may be required during the design phase and entitlement review process for the project.

CenturyTriangleChecklist

NEGATIVE DECLARATION OF ENVIRONMENTAL IMPACT

(To Be Completed by Lead Agency)

Project Title: Century Village Group, LLC Disposition and Development Agreement

Project Location: Northwest corner of Century Boulevard and Taft Street, west side of Harbor Boulevard, south of Lampson Avenue

Project Description:
Consideration of a Disposition and Development Agreement between Century Village Group, LLC (applicant) and the Garden Grove Agency for Community Development for a proposal to develop an approximately 2.67-acre site with a 53-unit townhouse development with associated parking and open space improvements. The project entitlements, which will be reviewed separately for potential environmental impacts, will include a Zone Change to change the zoning of the property from CCSP-CC43 (Community Center Specific Plan – Community Commercial District) to Planned Unit Development, a Site Plan, and a Tentative Tract Map.

Name and Address of Developer or Project Sponsor:
City of Garden Grove Economic Development Department
11222 Acacia Parkway
Garden Grove, CA 92842

Phone: (714) 741-5000

Findings:
The Planning Coordinating Committee of the City of Garden Grove has reviewed the Initial Study of Environmental Effects (attached) for the above-described project and hereby finds:

A. The project is in conformance with the environmental goals and policies adopted by the community.

B. The project will not have a significant effect on the environment.

Mitigation Measures (if any, to avoid potentially significant effects):

If mitigation measures are provided, such items are included and implemented through the proposed project and included in the Initial Study.

Reason for Finding of No Significant Effect: The project is consistent with the City's General Plan, zoning designation and the City's development standards and any environmental concerns noted in the Environmental Checklist form have been appropriately addressed for this project.

Contact Person and Phone Number: Jim Dellalonga, Project Manager, 714 741-5788

3.16.10

Chairman, Planning Coordinating Committee — Date

NOTICE OF DETERMINATION

To: ____
Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

From:
City of Garden Grove
P. O. Box 3070
11222 Acacia Parkway
Garden Grove, CA 92842

_X_
Orange County Clerk
Recorder Department
Hall of Finance and Records
12 Civic Center Plaza, Room 106
Santa Ana, CA 92701

Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Century Village Group, LLC Disposition and Development Agreement
Project Title

	Jim Dellalonga, Project Manager,	City of Garden Grove	(714) 741-5000
State Clearinghouse Number (If submitted to Clearinghouse)		**Lead Agency Contact Person**	**Area Code/Telephone/ Extension**

Northwest corner of Century Boulevard and Taft Street, west side of Harbor Boulevard, south of Lampson Avenue, City of Garden Grove, Orange County.
Project Location (include county)

Name and Address of Developer/Applicant or Project Sponsor:
City of Garden Grove Economic Development Department **Phone:** **(714) 741-5000**
11222 Acacia Parkway
Garden Grove, CA 92840

Project Description:
Consideration of a Disposition and Development Agreement between Century Village Group, LLC (applicant) and the Garden Grove Agency for Community Development for a proposal to develop an approximately 2.67-acre site with a 53-unit townhouse development with associated parking and open space improvements. The project entitlements, which will be reviewed separately for potential environmental impacts, will include a Zone Change to change the zoning of the property from CCSP-CC43 (Community Center Specific Plan – Community Commercial District) to Planned Unit Development, a Site Plan, and a Tentative Tract Map.

This is to advise that the City of Garden Grove City Council adopted the Negative Declaration, on April 13, 2010, and has made the following determinations regarding the above-described project:

1. The project __ will XX will not have a significant effect on the environment.
2. __ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
   XX A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures __were XX were not made a condition of the approval of the project.
4. A statement of Overriding Considerations __was XX was not adopted for this project.
5. Findings XX were __ were not made pursuant to the provisions of CEQA.

This is to certify that the Negative Declaration and record of project approval are available to the General Public at: City of Garden Grove, Economic Development, 11222 Acacia Parkway, Garden Grove, CA 92840

Signature (Public Agency) **Date** **Title**

Attachment 6

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

CENTURY VILLAGE GROUP, LLC

Table of Contents

Page

100. INTRODUCTORY PROVISIONS 2
  101. Definitions 2
  102. Representations, Warranties and Covenants. 7
    102.1 Agency Representations, Warranties and Covenants 7
    102.2 Developer's Representations, Warranties and Covenants 8
    102.3 Agency and Developer Representation re Authority and Enforceability 10
  103. Transfers of Interest in Site or Agreement. 10
    103.1 Prohibition Against Transfer Prior to Release of Construction Covenants 10
    103.2 Permitted Transfers 10
    103.3 Assignment and Assumption Agreement 11
    103.4 Agency Action Re Requested Transfer 11

200. DISPOSITION OF THE SITE 11
  201. Conveyance of the Site to Developer 11
    201.1 Deposit 12
    201.2 Opening and Close of Escrow 12
    201.3 Submittal of Documents and Payment of Purchase Price. 13
    201.4 Post-Closing Deliveries by Escrow. 14
    201.5 Payment of Escrow Costs 15
  202. Review of Title; Conditions of Title; Transfer of Possession 15
  203. Title Policies 16
  204. Studies, Reports. 16
    204.1 Site Investigation 16
    204.2 Remediation 17
    204.3 As-Is Environmental Condition 17
    204.4 Indemnities and Releases Re Hazardous Material. 17
    204.5 Right of Entry 18
  205. Conditions to Closing 19
    205.1 Agency's Conditions Precedent 19
    205.2 Developer's Conditions Precedent 21

300. DEVELOPMENT OF THE SITE 22
  301. Scope of Development 22
  302. Land Use Approvals 22
  303. Intentionally Omitted. 22
  304. Schedule of Performance 22
  305. Cost of Construction 22
  306. Insurance Requirements 23
    306.1 Insurance Coverage 23
    306.2 Policy Provisions 24
    306.3 Mutual Waivers 25
  307. Developer's Indemnity 25
  308. Rights of Access 25

Table of Contents
Continued

Page

309. Compliance with Governmental Requirements 26
309.1 Nondiscrimination in Employment 26
309.2 Prevailing Wages 26
310. Release of Construction Covenants 27
311. Financing of the Developer Improvements 28
311.1 Approval of Financing 28
311.2 Holder Not Obligated to Construct Developer Improvements 28
311.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure 28
311.4 Failure of Holder to Complete Developer Improvements 29
311.5 Right of Agency to Cure Mortgage or Deed of Trust Default 30

400. COVENANTS AND RESTRICTIONS 30
401. Covenant to Develop, Use and Operate the Site in Accordance with Redevelopment Plan, Land Use Approvals, and this Agreement 30
402. Restrictive Covenants 30
402.1 E-Verify Compliance 30
402.2 Maintenance and Security Covenants 30
402.3 Compliance with Land Use Approvals 31
403. Nondiscrimination 31
404. Intentionally Omitted. 32
405. Effect of Violation of the Terms and Provisions of this Agreement 32

500. DEFAULTS AND REMEDIES 32
501. Default Remedies 32
502. Institution of Legal Actions 33
503. Rights and Remedies Are Cumulative 33
504. Inaction Not a Waiver of Default 33
505. Applicable Law 33

600. GENERAL PROVISIONS 33
601. Notices, Demands and Communications Between the Parties 33
602. Extension of Times of Performance 34
603. Non Liability of Officials and Employees of Agency, City and Developer 34
604. Relationship Between Agency and Developer 34
605. Agency Approvals and Actions 34
606. Commencement of Agency Review Period 34
607. Successors and Assigns 35
608. Assignment by Agency 35
609. Counterparts 35
610. Integration 35
611. Attorneys' Fees 35
612. Administration 35
613. Titles and Captions 36
614. Interpretation 36
615. No Waiver 36
616. Modifications 36

Table of Contents
Continued

Page

617. Severability 36
618. Computation of Time 36
619. Legal Advice 36
620. Time of Essence 36
621. Cooperation 37
622. Conflicts of Interest 37
623. Time for Acceptance of Agreement by Agency 37

LIST OF EXHIBITS

EXHIBIT A LOCATION MAP
EXHIBIT B LEGAL DESCRIPTION
EXHIBIT C SCOPE OF DEVELOPMENT
EXHIBIT D SCHEDULE OF PERFORMANCE
EXHIBIT E ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT F GRANT DEED
EXHIBIT G RELEASE OF CONSTRUCTION COVENANTS
EXHIBIT H CONCEPTUAL SITE PLAN
EXHIBIT I RESTRICTIVE COVENANTS

DISPOSITION AND DEVELOPMENT AGREEMENT

This **DISPOSITION AND DEVELOPMENT AGREEMENT** ("Agreement") dated for purposes of identification only as of ________ __, 20__ ("Date of Agreement"), is entered into by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), and **CENTURY VILLAGE GROUP, LLC**, a California limited liability company ("Developer").

RECITALS

A. The Redevelopment Plan for the ______________ Garden Grove Community Project was approved and adopted by the City Council of the City of Garden Grove______________ ("City") on June 26, 1973, by Ordinance No. 1339____, as amended by Ordinance Nos. 1388, 1476, 1548, 1576, 1642, 1699, 1760, 2035 and 2232; said ordinance and the Redevelopment Plan as so approved and amended ("Redevelopment Plan") are incorporated herein by reference. The property within the geographical boundaries of the Redevelopment Plan is described in the Redevelopment Plan and is referred to as the "Project Area."

B. The property which is the subject of this Agreement consists of approximately 2.67 acres of land area owned by Agency that is located within the City in an area commonly known as the Century Triangle ("Site"). The Site is shown on the Location Map (Exhibit A) and is more particularly described in the Legal Description (Exhibit B).

C. Developer has proposed to develop the Site with approximately fifty-three (53) residential townhomes (including, without limitation, materials, architectural details, site layout and configuration, configuration of the building, and operational standards and conditions), as more specifically described in the Scope of Development (Exhibit C) and in the Land Use Approvals (collectively, the "Project").

D. Agency and Developer have entered into that certain Exclusive Negotiating and Right-of-Entry Agreement dated as of December 23, 2008 ("ENA"), which ENA has expired in accordance with its terms.

E. Agency and Developer desire by this Agreement, and subject to its terms and provisions, to provide for Agency to sell the Site to Developer in accordance with the terms contained herein, and for Developer to purchase the Site and construct the Project thereon.

F. The development and operation of the Project on the Site, as provided in this Agreement, is in the vital and best interest of the City and the welfare of its residents and is in accordance with the public purposes and provisions of applicable state and local laws. Without limiting the foregoing, development and operation of the Project will result in substantial benefits to the City and Agency, which includes (i) elimination of blight, and (ii) housing creation and enhanced revenues to the City resulting from construction of the Project, including property taxes.

G. The foregoing recitals constitute a substantive part of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agency and Developer hereby agree as follows:

100. INTRODUCTORY PROVISIONS

101. Definitions. Capitalized terms within this Agreement shall have the meanings set forth below, or if not defined in this Section 101, shall have the meaning ascribed thereto when such terms are first used herein:

"Agency" means the Garden Grove Agency for Community Development, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law, and any assignee of or successor to its rights, powers and responsibilities.

"Agency Director" means the director of Agency, or his designee.

"Agency's Conditions Precedent" is defined in Section 205.1.

"Agreement" means this Disposition and Development Agreement by and between Agency and Developer, including all exhibits.

"ALTA Policies and Endorsements" is defined in Section 203.

"Approved Title Condition" is defined in Section 203.

"Assignment and Assumption Agreement" means an agreement in substantially the form attached hereto as Exhibit E and incorporated herein by reference.

"Breach" is defined in Section 501.

"City" means the City of Garden Grove, a California municipal corporation.

"Closing," "Close" or ***"Close of Escrow"*** is defined in Section 201.2.

"Closing Date" is the date upon which conveyance of the Site is consummated in accordance with Section 201.2 hereof.

"CLTA Policy" is defined in Section 203.

"Community Redevelopment Law" means the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* as the same now exists or may hereafter be amended.

"Completion," "Complete," or ***"Completes,"*** as to each separate legal lot or parcel within the Site, means the completion of construction of the portion of the Developer Improvements that Developer is required to construct on and with respect to that lot or parcel, as evidenced by a final Certificate of Occupancy issued by the City and certification by the Agency Director that the applicable portions of the Developer Improvements are complete in accordance with the Land Use Approvals and the Scope of Development.

"Conceptual Site Plan" means the plan submitted by the Developer attached hereto as Exhibit H and incorporated herein by reference.

"Conditions Precedent" shall mean Agency's Conditions Precedent and Developer's Conditions Precedent set forth in Section 205.

"Construction Commencement Date" means the date that is set forth in the Schedule of Performance as the date upon which the construction of the Developer Improvements, pursuant to validly issued building permits, is to commence.

"Construction Financing" is defined in Section 311.1.

"Construction Equity" is defined in Section 311.1.

"Construction Lender" is defined in Section 311.1.

"Construction Loan" is defined in Section 3.11.1.

"Conveyance" means the conveyance of the Site to Developer by Grant Deed.

"Date of Agreement" means the date of approval of the Agreement by Agency.

"Default" is defined in Section 501.

"Deposit" is defined in Section 201.1.

"Developer" means Century Village Group, LLC, a California limited liability company, and any affiliate, assignee or successor thereto permitted pursuant to the terms of this Agreement.

"Developer Improvements" means all improvements to be constructed by Developer at the Site pursuant to this Agreement, as more particularly described in Section 301 and the Land Use Approvals.

"Developer's Conditions Precedent" is defined in Section 205.2.

"ENA" is defined in Recital D.

"Enforced Delay" is defined in Section 602.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §§ 6901 *et seq.*), the Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*), the Insecticide, Fungicide, Rodenticide Act (7 U.S.C. §§ 136 *et seq.*), the Superfund Amendments and Reauthorization Act (42 U.S.C. §§ 6901 *et seq.*), the Clean Air Act (42 U.S.C. §§ 7401 *et seq.*), the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), the Solid Waste Disposal Act (42 U.S.C. § 6901 *et seq.*), the Surface Mining Control and Reclamation Act (30 U.S.C. §§ 1201 *et seq.*), the Emergency Planning and Community Right to Know Act (42 U.S.C. §§ 11001 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. §§ 655 and 657), the California Underground Storage of Hazardous Substances Act (Health and Safety Code §§ 25280 *et seq.*), the California Hazardous Substances Account Act (Health & Safety Code §§ 25300 *et seq.*), the Porter-Cologne Water Quality Act (Water Code §§ 13000 *et seq.*), together with any amendments of or

regulations promulgated thereunder and any other federal, state, and local laws, statutes, ordinances, or regulations now in effect that pertain to occupational health or industrial hygiene.

"Environmental Reports" is defined in Section 204.1.

"Escrow" is defined in Section 201.2.

"Escrow Agent" is defined in Section 201.2.

"Governmental Requirement(s)" means all valid and enforceable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over Agency, Developer or the Site, including, without limitation, all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation (to the extent applicable), Labor Code Sections 1770 *et seq.*, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

"Grant Deed" means a grant deed in the form of Exhibit F attached hereto and incorporated herein by reference, by which Agency shall convey fee title to the Site to Developer. ***"Hazardous Materials"*** means any toxic substance, material, or waste which is now regulated by any local governmental authority, the State, or the United States Government under any Environmental Law including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117, or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) a petroleum or refined petroleum product, including without limitation petroleum-based paints and solvents, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether (MTBE); (ix) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. § 1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, (xi) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq.*, (xii) any flammable or explosive materials, (xiii) a radioactive material, or (xiv) lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds and including any different products and materials which have been found to have adverse effects on the environment or the health and safety of persons.

"Holder" is defined in Section 311.2.

"Indemnify" means indemnify, defend, pay for and hold harmless.

"Indemnitees" means Agency and the City, and their respective representatives, officers, employees and agents.

"Insurance" is defined in Section 306.2.

"Investigations" is defined in Section 204.4.

"Land Use Approvals" means each of the discretionary land use approvals and permits that the City, including without limitation its Planning Commission and other City boards, commissions, and administrators, must issue in accordance with the applicable provisions of federal, state, and local laws and regulations to authorize Developer to construct and operate the Project and the Developer Improvements, including without limitation compliance with all requirements of the California Environmental Quality Act ("CEQA"). As of the Date of Agreement, the parties anticipate that the Land Use Approvals for the Project will consist of the following: a zone change from Civic Center Specific Plan – Community Commercial to Planned Unit Development, Site Plan Approval, Tentative Tract Map, and Development Agreement.

"Legal Description" means the legal description of the Site attached hereto as Exhibit B and incorporated herein by reference.

"Liabilities" means liabilities, suits, actions, claims, demands, penalties, damages (including without limitation, penalties, fines, and monetary sanctions), giving rise to losses, costs or expenses (including, without limitation, consultants' fees, reasonable attorneys' fees, and expert witness fees) of any kind or nature and for any damages, including damages to property or injuries to person, including accidental death, (including reasonable attorneys' fees, expert witness fees, and costs in connection therewith).

"Loan Balance" means, with respect to any Holder and its mortgage or deed of trust, the sum of the following amounts: (a) the aggregate unpaid amount (including, but not limited to, principal, protective advances, interest, fees, costs and expenses) owing to the Holder under the loan documents ("Holder Loan Documents") secured by such Holder's mortgage or deed of trust upon the Site (or any part thereof) immediately prior to the revesting of title in Agency (referred to herein as "Revesting") in accordance with this Agreement, whether Agency exercises such right of Revesting prior to such Holder's acquisition of Site (or portion thereof) by foreclosure or deed in lieu of foreclosure, or after completion of a foreclosure under such Holder's mortgage or deed of trust (or acceptance and recordation of a deed-in-lieu of such foreclosure); plus (b) all third party costs and expenses reasonably incurred by such Holder (and/or such Holder's Nominee) under, or in connection with the enforcement of the applicable Holder Loan Documents, including, without limitation, foreclosure costs and expenses (or deed-in-lieu of foreclosure costs and expenses) (such costs and expenses to include, but not be limited to, title charges, default interest, appraisals, environmental assessments and reasonable attorneys' fees and expenses); plus (c) if Agency commences the exercise of its Revesting after such Holder's (or its Nominee's) acquisition of the Site (or any portion thereof) by foreclosure or deed-in-lieu of foreclosure, all third party costs and expenses, if any, reasonably incurred by such Holder (and/or such Holder's Nominee) in connection with the management and operation of the Site subsequent to the date upon which a foreclosure under such mortgage or deed of trust is completed or such Holder or its Nominee accepts a deed in lieu of foreclosure; plus (d) all third party costs and expenses reasonably incurred by such Holder (and/or such Holder's Nominee) in connection with the construction of the Developer Improvements plus (e) if Agency commences the exercise of its right of Revesting after such Holder's (or its

Nominee's) acquisition of the Site (or any portion thereof) by foreclosure or deed-in-lieu of foreclosure, an amount equal to the interest that would have accrued on the aggregate of the amounts described above under the Holder Loan Documents had all such amounts become part of the debt secured by such Holder's mortgage or deed of trust and had such debt continued in existence from the date of such foreclosure (or acceptance of a deed-in-lieu of foreclosure) by such Holder or its Nominee to the date Agency reenters in accordance with this Agreement. (For purposes of this definition, Agency's right to Revest in accordance with this Agreement shall not be deemed to have occurred prior to the date the Loan Balance is paid to the Holder (or its Nominee) in accordance with the Agreement). Each Holder (or its Nominee) shall provide Agency with its calculations of the Loan Balance and documents in support thereof within ten (10) days after written demand therefor by Agency.

"Location Map" means the map of the Site, which is attached hereto as Exhibit A and incorporated herein by reference.

"Nominee" means an entity, designated by any Holder to accept an assignment of Holder's rights and (if applicable) obligations with respect to the Site and Project or applicable portion(s) thereof.

"Notice" is defined in Section 601.

"Official Records" means the official records of the Office of the Clerk-Recorder of Orange County, California.

"Outside Date" is defined in Section 201.2.

"Presence" means the presence, release, use, generation, discharge, storage and disposal of any Hazardous Materials.

"Project" means the development and operation of the Developer Improvements.

"Project Area" is defined in Recital A.

"Recognized Environmental Conditions" means the presence or possible presence of any hazardous substances or petroleum products on the Site under conditions that indicate an existing or possible release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the Site or into the ground, ground water, or surface water of the Site, as defined under ASTM Standards E-1527-00. The term is not intended to include *de minimis* conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not Recognized Environmental Conditions.

"Redevelopment Plan" is defined in Recital A.

"Release of Construction Covenants" means the document which evidences Developer's satisfactory Completion of the portion of the Developer Improvements that Developer is required to construct on and with respect to a separate legal parcel within the site, as set forth in Section 310, in the form of Exhibit G attached hereto and incorporated herein by reference.

"Restrictive Covenants" means the Restrictive Covenants in substantially the form attached hereto as Exhibit I and incorporated herein, which shall set forth certain covenants, obligations and promises of Developer hereunder. The Restrictive Covenants shall be executed by Developer and Agency and shall be recorded against the Site at the Closing. The Restrictive Covenants shall run with the land and be binding upon heirs, successors and assigns of Developer for the periods of time set forth therein.

"Revesting" is defined in the definition of "Loan Balance."

"Schedule of Performance" means that certain Schedule of Performance attached hereto as Exhibit D and incorporated herein by reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time due to the application of Section 602 hereof and as mutually agreed upon in writing between Developer and the Agency Director, and the Agency Director is authorized, but not required, on behalf of Agency, to agree to make such revisions as he deems reasonably necessary.

"Site" is defined in Recital B.

"State" means the State of California.

"Title Company" is defined in Section 202 hereof.

"Title Policies" means the CLTA Policy and the ALTA Policies and Endorsements as defined in Section 203 hereof.

"Title Report" is defined in Section 202.

"Transfer" means any total or partial sale, transfer, conveyance, assignment, subdivision, financing, refinancing, lease or sublease.

"Transferee" means a voluntary or involuntary successor in interest to Developer.

102. Representations, Warranties and Covenants.

102.1 Agency Representations, Warranties and Covenants. Agency hereby makes the representations, warranties and covenants contained below in this Section 102.1. All of the representations and warranties set forth in this Section 102.1 are effective as of the Date of Agreement, are true in all material respects as of the Date of Agreement, and shall be true in all material respects as of the Closing Date, and each shall survive the execution of this Agreement without limitation as to time.

(a) Agency is a public body, corporate and politic, validly created and existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. The execution and delivery of this Agreement by Agency has been fully authorized by all requisite actions.

(b) Agency's execution and delivery of this Agreement does not violate any applicable laws, regulations, or rules, nor to the best of Agency's knowledge after due inquiry will it constitute a breach or default under any contract, agreement, or instrument to which Agency is

a party, or any judicial or regulatory decree or order to which Agency is a party or by which it is bound; provided however that while Agency believes this Agreement to be enforceable in accordance with its terms, Agency makes no representations or warranties regarding the enforceability hereof.

(c) Agency has not made an assignment for benefit of creditors, filed a petition in bankruptcy, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of or trustee for it or any substantial part of its property, or commenced any proceeding relating to Agency under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect. There has not been commenced nor is there pending against Agency any proceeding of the nature described in the first sentence of this subsection (c). No order for relief has been entered with respect to Agency under the Federal Bankruptcy Code.

(d) All documents, instruments and other information delivered by Agency to Developer pursuant to this Agreement, other than documents, instruments and other information received by Agency from third parties, are, to the best of Agency's knowledge, true, accurate, correct and complete in all material respects.

(e) Agency has taken all legally required actions, and no further consent, approval, or authorization of any third person is required with respect to Agency's execution delivery, and performance of this Agreement, other than consents, approvals, and authorizations which have already been unconditionally given.

(f) Agency is not a "foreign person" within the parameters of Foreign Investors in U.S. Real Property Tax Act ("FIRPTA"), or is exempt from the provisions of FIRPTA, or Agency has complied and will comply with all the requirements under FIRPTA.

(g) Agency has no actual knowledge of receipt of notice(s) from any governmental entity as to the Presence of Hazardous Materials.

(h) The Project as described in the Scope of Development and approved pursuant to the Land Use Approvals is and will be in full conformity with the Redevelopment Plan.

(i) Until the Closing Date and thereafter, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.1 not to be true as of the Closing Date, give written notice of such fact or condition to Developer as soon as is reasonably practicable.

Each of the foregoing items (a) through (g), inclusive shall be deemed to be ongoing representations, warranties and covenants.

102.2 Developer's Representations, Warranties and Covenants. Developer hereby makes the representations, warranties and covenants contained below in this Section 102.2. All of the representations and warranties set forth in this Section 102.2 are effective as of the Date of Agreement, are true in all material respects as of the Date of Agreement, and shall be true in all material respects as of the Closing Date and each shall survive the execution of this Agreement without limitation as to time.

(a) Developer is a duly organized California limited liability company and in good standing under the laws of the State of California and is authorized to carry on its business in California as such business is now conducted and to own and operate its properties and assets now owned and being operated by it, and as set forth in and anticipated by this Agreement. Developer has full right, power and lawful authority to enter into this Agreement and the execution and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of Developer. Developer has provided Agency with true and correct copies of documentation reasonably acceptable to the Agency Director, or his/her designee, designating the party authorized to execute this Agreement on behalf of Developer.

(b) Developer's execution, delivery and performance of its obligations under this Agreement will not violate any applicable laws, regulations, or rules, nor to the best of Developer's knowledge after due inquiry will it constitute a breach or default under any contract, agreement, or instrument to which Developer is a party, or any judicial or regulatory decree or order to which Developer is a party or by which it is bound; provided however that while Developer believes this Agreement to be enforceable in accordance with its terms, Developer makes no representations or warranties regarding the enforceability hereof.

(c) Developer has not made an assignment for the benefit of creditors, filed a petition in bankruptcy, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of or trustee for it or any substantial part of its property, or commenced any proceeding relating to Developer under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect. There has not been commenced nor is there pending against Developer any proceeding of the nature described in the first sentence of this subsection (c). No order for relief has been entered with respect to Developer under the Federal Bankruptcy Code.

(d) All documents, instruments, and other information delivered by Developer to Agency pursuant to this Agreement are, to the best of Developer's knowledge, true, accurate, correct and complete in all material respects.

(e) This Agreement and all documents to be delivered by Developer pursuant to this Agreement, when executed by Developer and delivered shall constitute the legal, valid and binding obligation of Developer. Developer has taken all legally required actions, and no further consent, approval, or authorization of any third person is required with respect to Developer's execution delivery, and performance of this Agreement, other than consents, approvals, and authorizations which have already been unconditionally given.

(f) Until the Closing Date and thereafter, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.2 not to be true as of the Closing Date, give written notice of such fact or conditions to Agency as soon as is reasonably practicable.

Each of the foregoing items (a) to (f), inclusive shall be deemed to be ongoing representations, warranties and covenants, enforceable by Agency as to each separate legal lot within the Site until Agency's issuance of a Release of Construction Covenants, or in the case of termination of this Agreement, as long as is necessary to enforce such representations, warranties and covenants.

102.3 Agency and Developer Representation re Authority and Enforceability. Agency and Developer hereby covenant, represent and warrant to each other that neither party will assert against the other party the warranting party's lack of authority to enter into or perform any of its obligations set forth in this Agreement or the invalidity or lack of enforceability of this Agreement or any of the provisions set forth herein.

103. Transfers of Interest in Site or Agreement.

103.1 Prohibition Against Transfer Prior to Release of Construction Covenants. The qualifications and identity of Developer are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with Developer. Except as expressly set forth in Section 103.2 below, for the period commencing upon the Date of Agreement and until the issuance of the Release of Construction Covenants as to a separate legal lot within the Site, no Transferee shall acquire any rights or powers under this Agreement, nor shall Developer make any Transfer of the whole or any part of that lot (which restriction shall not apply to any lot as to which a Release of Construction Covenants previously has been issued) or the portion of the Developer Improvements situated within that lot without the prior written approval of Agency, which approval may be granted or withheld in the sole and absolute discretion of Agency. The restrictions set forth in this Section 103 shall terminate and be of no further force or effect as to any lots for which a Release of Construction Covenants has been issued.

103.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of an assignment of this Agreement or Transfer of any separate legal lot within the Site as to which Agency has not previously issued a Release of Construction Covenants shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to the City, Agency or other appropriate governmental agency, or for the purpose of the granting of easements, permits or similar rights to facilitate construction, use and/or operation of the Developer Improvements.

(b) Any Transfer for Construction Financing purposes (subject to such Construction Financing being considered and approved by Agency pursuant to Section 311.1 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Developer Improvements, as applicable.

(c) Any Transfer to an entity in which Developer, Brandywine Homes, Jim Barisic, Brett Whitehead, and/or Dave Barisic directly (i) retains operational control over the management, development and construction of the Site and the Project (or the portions of the Project that have not been Completed as of the Date of the Transfer, as applicable, and subject to the right of non-managerial members, partners, or shareholders, as applicable, to exercise voting rights with respect to so-called "major decisions") and (ii) has not less than a five percent (5%) interest in profit and losses in the Project.

(d) Any Transfer to a Holder, or its Nominee by foreclosure or deed in lieu of foreclosure, or to a third party purchaser at a foreclosure sale or after foreclosure by the Holder or its Nominee.

(e) Any transfers to persons or entities acquiring completed residential units in the Project in the normal course of business.

(f) Any transfer resulting from the death or mental or physical incapacity of an individual.

(g) Any transfer in trust to a family member for estate planning purposes (provided no change of management control occurs).

(h) Notwithstanding the provisions of Section 103.1, Developer shall have the right to do any of the following without Agency pre-approval or consent (so long as Developer continues to operate under the name "Century Village Group, LLC," "Brandywine Homes," or any successor trade name being used by the ongoing Developer entity: (i) dissolve, merge, consolidate, or otherwise reorganize, (ii) sell or transfer ownership interests in Developer, directly or indirectly, or (iii) sell or transfer assets, directly or indirectly, so long as such sale or transfer is not limited only to its rights under this Agreement.

103.3 Assignment and Assumption Agreement. An executed Assignment and Assumption Agreement (or a document effecting a Transfer that includes the substantive provisions of the Assignment and Assumption Agreement) shall also be required for all proposed Transfers, with respect to the portion of the Site so transferred, whether or not Agency's consent is required to a Transferee who has an obligation to construct all or any portion of the Developer Improvements (which obligation the parties agree does not apply to the Construction Lender/Holder, in accordance with Section 311.2 of this Agreement). If the Transfer involves the obligation of the Transferee to construct specific Developer Improvements, Agency is hereby granted the right to compel Developer to enforce any such construction obligation.

103.4 Agency Action Re Requested Transfer. Within thirty (30) days after the receipt of a written Notice requesting Agency approval of a Transfer, Agency shall respond in writing by either approving or disapproving such proposed Transfer, acting in its sole and absolute discretion, or by stating what further information, if any, Agency requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to Agency such further information as may be reasonably requested. Agency shall take final action to approve or disapprove a requested Transfer within thirty (30) days after the request is complete.

200. DISPOSITION OF THE SITE

201. Conveyance of the Site to Developer. Subject to the satisfaction of the Conditions Precedent set forth hereinbelow or waiver of any unsatisfied Conditions Precedent by the benefited party or parties, as applicable, on or before the date set forth in the Schedule of Performance, but in no event later than the Outside Date, Agency shall cause the Conveyance of the Site to Developer and Developer shall accept such Conveyance and pay to Agency the all cash sum of Four Million Ten Thousand Dollars ($4,010,000) ("Purchase Price"). Notwithstanding the foregoing, it is understood and agreed that the Purchase Price is subject to being reduced after the Closing by an amount not to exceed the sum of Fifty Thousand Dollars ($50,000) in accordance with Section 204.2 of this Agreement. Prior to the Date of Agreement, Agency has obtained an independent appraisal from a licensed MAI real estate appraiser confirming that the Purchase Price (as the same may be so reduced after the Closing) is equal to or greater than the fair market value of the Site. Within thirty

(30) days after the Date of Agreement, Agency shall obtain an update of said appraisal or a new appraisal confirming that the Purchase Price (as the same may be reduced in accordance with Section 204.2) is not less than the fair market value of the Site as of the Date of Agreement.

201.1 Deposit. Pursuant to the ENA referred to in Recital D of this Agreement, Developer previously has paid to Agency the sum of Fifty Thousand Dollars ($50,000) (the "ENA Deposit"). Developer shall be entitled to credit the full amount of the ENA Deposit toward the Purchase Price for the Site at the Closing. Within ten (10) days after the Date of Agreement, Developer shall deposit the additional sum of One Hundred Thousand Dollars ($100,000) (the "Additional Deposit") in an interest-bearing escrow account held by First American Title Insurance Company. No interest shall accrue on the ENA Deposit. The ENA Deposit and the Additional Deposit are hereinafter collectively referred to as the "Deposit." The Deposit shall be applied as follows:

(a) In the event Developer elects to terminate this Agreement without accepting the Conveyance of the Site due to a failure of a Developer's Condition Precedent, the Deposit shall be returned to Developer along with all interest accrued on the Additional Deposit.

(b) In the event the Closing of the Escrow fails to occur because of an uncured Default hereunder by Developer, Agency shall be authorized to retain the ENA Deposit and the Additional Deposit shall be disbursed to Agency, along with all interest accrued thereon, as liquidated damages and not as a penalty.

(c) In the event Developer and Agency proceed with the Conveyance, the entire Deposit shall be applied towards the Purchase Price.

(d) The Escrow Agent shall not disburse or otherwise take any action with respect to the Additional Deposit or the interest accrued thereon except (i) upon joint instructions from Agency and Developer, which Agency and Developer shall deliver as provided in this Agreement; (ii) upon ten (10) days' written notice from Agency to Developer and to the Escrow Agent, so long as the Escrow Agent shall not have received any written objections from Developer to such disbursement within said ten (10) days after receipt by Developer of such notice; or (iii) upon ten (10) days' written notice from Developer to Agency and to the Escrow Agent, so long as the Escrow Agent shall not have received any written objections from Agency to such disbursement within said ten (10) days after receipt by Agency of such notice.

(e) The Escrow Agent shall have no liability to any party on account of its failure to disburse the Additional Deposit if the Escrow Agent has no authority to disburse the Additional Deposit in accordance with Section 201.1(d) of this Agreement, and in the event of any dispute as to who is entitled to receive the Additional Deposit, the Escrow Agent shall have the right to retain the Additional Deposit and disburse it in accordance with the final order of a court of competent jurisdiction or to deposit the Additional Deposit with said court pending a final decision of such controversy. The Escrow Agent shall only be otherwise liable in the event of its gross negligence or willful misconduct.

201.2 Opening and Close of Escrow. The Conveyance of the Site shall be consummated ("Closing," "Close" or "Close of Escrow") on the date ("Closing Date") set forth in the Schedule of Performance but in no event later than the later of (i) twelve months following the Date of Agreement or (ii) thirty (30) days after the date that Agency completes the removal of

H.O.P.E. from the Site in accordance with the second paragraph of Section 202 ("Outside Date") through an escrow ("Escrow") established at First American Title Insurance Company or another escrow company mutually agreeable to the parties ("Escrow Agent") which Escrow shall be opened within three (3) business days following the Date of Agreement. The parties shall execute the Escrow Agent's standard form of escrow agreement if required by the Escrow Agent; provided, however, if there are any conflicts or inconsistencies between the Escrow Agent's standard form escrow agreement and this Agreement, the terms and conditions of this Agreement shall govern and control the rights and obligations of the parties unless each party separately initials each change. Escrow Agent is hereby authorized to effect the Closing upon satisfaction (or waiver by the benefited party or parties) of the Conditions Precedent to Closing set forth in Section 205 by taking the following actions:

(a) Current real property taxes, personal property taxes, and installments of assessments regarding the Site shall be prorated as of the Closing.

(b) Concurrently with the Closing of Escrow, Escrow Agent shall cause the Title Company to issue the Title Policies, as described in Section 203.

(c) Escrow Agent shall pay and charge: (i) Developer for the following: (aa) the recording cost of the Grant Deed and other closing documents, (bb) the additional premium for the ALTA Policies and Endorsements (as hereinafter defined), if any, (cc) half of the escrow fees charged by the Escrow Agent, (dd) Developer's share of prorations; and (ii) Agency for the following: (ee) one-half of escrow fees, (ff) Agency's share of prorations and (gg) the cost of the CLTA Policy.

(d) Escrow Agent shall record, in the following order, the following documents:

(i) the Grant Deed;

(ii) the Restrictive Covenants; and

(iii) the deed of trust and other documents memorializing Developer's Construction Loan;.

all duly executed and acknowledged by the appropriate party or parties.

201.3 Submittal of Documents and Payment of Purchase Price.

(a) At least two (2) business days prior to the scheduled Close of Escrow, Developer shall execute and submit to Escrow Agent the following:

(i) two (2) originals of a certificate of acceptance of the Grant Deed duly executed by Developer and acknowledged;

(ii) two (2) originals of the Restrictive Covenants duly executed by Developer and acknowledged; and

(iii) any documents to be recorded as part of Developer's Construction Loan for the Project which Agency has approved in writing pursuant to Section 311.

(b) Prior to the scheduled Close of Escrow, Developer shall deposit the Purchase Price into Escrow (less the sum of the Deposit and all accrued interest thereon, as verified by the Escrow Holder) plus Developer's share of escrow, title, and closing costs. Said payment may be made by wire transfer of immediately available funds, by cashier's check drawn on a bank or similar depository reasonably acceptable to the Escrow Agent, or in cash. Escrow Agent is authorized to pay Agency's share of escrow, title, and closing costs out of the funds deposited into Escrow by Developer.

(c) At least two (2) business days prior to the Close of Escrow, Agency shall execute and deliver to Escrow the following:

(i) two (2) originals of the Grant Deed duly executed by Agency and acknowledged;

(ii) two (2) originals of the Restrictive Covenants duly executed by Agency and acknowledged; and

(iii) a request for notice of default with respect to Developer's Construction Loan.

201.4 Post-Closing Deliveries by Escrow.

(a) Promptly after the Close of Escrow, the Escrow Agent shall deliver or cause to be delivered to Developer the following documents:

(i) the recorded original of the Grant Deed;

(ii) a non-foreign affidavit in a form reasonably acceptable to Developer;

(iii) a conformed copy of the Restrictive Covenants; and

(iv) a closing statement.

(b) Promptly after the Close of Escrow, the Escrow Agent shall deliver or cause to be delivered to Agency the following documents:

(i) a conformed copy of the recorded Grant Deed;

(ii) the recorded original of the Restrictive Covenants;

(iii) the recorded original of the request for notice of default; and

(iv) a closing statement.

(c) At Close of Escrow, Agency and Developer shall each execute counterpart closing statements in customary form together with such other documents as are reasonably necessary to consummate the Closing.

201.5 Payment of Escrow Costs. In the event of termination of this Agreement prior to the Close of Escrow due to failure of a Condition Precedent set forth in Section 205 and assuming neither party is in Default of its obligations hereunder), the parties shall each be responsible for one-half of any Escrow cancellation costs. In the case of termination prior to the Close of Escrow due to a Default by one of the parties hereto, such defaulting party shall pay one hundred percent (100%) of all Escrow cancellation costs.

202. Review of Title; Conditions of Title; Transfer of Possession. Within the time set forth in the Schedule of Performance, Agency shall cause Lawyer Title Company or another title company mutually agreeable to both parties (the "Title Company") to deliver to Developer a preliminary title report or reports in the Title Company's standard format covering all of the existing legal parcels comprising the Site, together with legible copies of the documents underlying any exceptions to title ("Exceptions") that are identified by the Title Company and set forth in the Title Report, and a color-coded easement map or maps (collectively, the "Title Report").

Developer shall be deemed to have disapproved all monetary Exceptions other than non-delinquent property taxes and assessments (which shall be prorated as of the Closing Date), and Agency covenants to cause such disapproved monetary Exceptions to be removed and cleared from title prior to or at the Closing. Developer further shall be deemed to have disapproved any Exceptions memorializing the public service easement for Walnut Street within the boundaries of the Site, which Exception shall be removed prior to the Closing if the City Council of the City adopts a resolution approving the abandonment and vacation of Walnut Street. Developer shall be deemed to have approved any Exceptions memorializing the adoption of the Redevelopment Plan and the applicability of the Redevelopment Plan to the Site, any exceptions to title to be set forth in the Grant Deed and the Restrictive Covenants (which the parties agree are not currently of record and which therefore will not be indicated in the Title Report), and the Title Company's standard printed conditions and exceptions contained in the form of the CLTA or ALTA standard owner's policy of title insurance regularly issued by the Title Company (except to the extent Developer obtains title endorsements that allow the Title Company to remove or modify any such conditions and exceptions).

Except as set forth in the preceding paragraph, Developer shall have thirty (30) days from the date of its receipt of the Title Report to give written Notice to Agency and Escrow Agent of Developer's approval or disapproval, in its sole and absolute discretion, of any Exceptions set forth in the Title Report. Developer's failure to provide Notice of its approval of the Title Report within such time limit shall be deemed to constitute disapproval of the Title Report. If Developer delivers Notice to Agency of its disapproval of any Exceptions in the Title Report, Agency shall have the right, but not the obligation, to elect to remove any disapproved Exceptions within fifteen (15) days after receiving written Notice of Developer's disapproval or to deliver Notice to Developer providing assurances satisfactory to Developer within said time period that such Exceptions will be removed on or before the Closing. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give Agency written Notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give Agency written Notice that Developer elects to terminate this Agreement, and Developer's failure to give timely written Notice shall be deemed as an election to terminate this Agreement. The condition of title approved in accordance with the preceding paragraph and this paragraph is referred to in this Agreement as the "Approved Title Condition." Developer shall have the right to approve or disapprove any additional Exceptions reported by the Title Company after the date of the Title Report and prior to the Closing

which are not created by Developer, with the time and procedures for approval/disapproval of same being the same as for Developer's review of the initial Title Report. Agency shall not voluntarily create any new exceptions to title following the Date of Agreement that will survive the Closing without Developer's express written approval.

Agency shall deliver possession of the Site to Developer at the Closing consistent with the Approved Title Condition. Not by way of limitation of the foregoing, Agency shall ensure that any tenants or occupants of the Site (other than those authorized by the exceptions that are part of the Approved Title Condition) have been permanently removed and relocated from the Site and Developer shall have no liability or responsibility with respect thereto. In this regard, Agency represents to Developer that prior to the Date of Agreement Agency entered into a License Agreement dated as of August 24, 2007, with Helping Others Prepare for Eternity (H.O.P.E.) that affects all or a portion of the Site, that said License Agreement provides that the License Agreement is terminable upon thirty (30) days notice by Agency to H.O.P.E., and that Agency has delivered a termination notice to H.O.P.E. such that, if H.O.P.E. complies with said License Agreement, Agency will be able to ensure that possession of the Site will be delivered to Developer at the Closing free and clear of any possessory interest of H.O.P.E. If for whatever reason, however, H.O.P.E. does not vacate the Site in accordance with Agency's termination notice, Agency covenants to exercise commercially reasonable diligence to remove H.O.P.E. from the Site prior to the scheduled Closing Date (including by use of whatever legal process may be required to effectuate such removal) and if such removal is not completed by the Outside Date the Outside Date shall be extended until the date that is thirty (30) days following such removal.

203. Title Policies. At the Closing, the Title Company, as insurer, shall issue in favor of Developer, as insured, a CLTA owner's standard coverage policy or policies of title insurance with liability in an amount equal to the Purchase Price ("CLTA Policy") or, at Developer's and/or its Construction Lender's option and expense, with additional coverage, endorsements, and/or an ALTA extended policy of title insurance ("ALTA Policies and Endorsements") (collectively, the "Title Policies"), in either case showing title vested in Developer in the Approved Title Condition.

204. Studies, Reports.

204.1 Site Investigation. Pursuant to Section 204.4, representatives of Developer have had the right of access to the Site for the purpose of making necessary or appropriate inspections, including geological, soils and/or additional environmental assessments. Developer has caused to be prepared a Phase I Environmental Assessment ("Report of Phase I Environmental Assessment, Century Triangle Redevelopment Project. . . ." prepared by Professional Services Industry, Inc., and dated March 9, 2009 [the "Phase I Report"]) and a Phase II Environmental Assessment (the "Phase II Environmental Site Assessment for the Century Triangle. . . ." prepared by Ecobility Corporation and dated January 31, 2010 (the "Phase II Report") (collectively, the Phase I Report and Phase II Report being referred to in this Agreement as the "Environmental Reports") with respect to the Site, and Developer has conducted such other due diligence Investigations with respect to the physical or environmental condition of the Site deemed to be appropriate by Developer. Prior to the Date of Agreement, Agency has been provided true and correct copies of the Environmental Reports, including all logs, exhibits, attachments, and appendices thereto, and has had an opportunity to review the same. In the event this Agreement is terminated prior to the Close of Escrow, Developer shall deliver true, correct and complete copies of any other inspections, studies, surveys, and reports pertaining to the physical condition of the Site that may be prepared by or for Developer

after the Date of Agreement, at no expense to Agency. Such delivery shall be made without any representation or warranty of any kind regarding the items delivered to Agency.

204.2 Remediation. If, based on the Environmental Reports, Developer is required to remove or remediate Hazardous Materials from the Site in order to develop the Project in accordance with applicable Environmental Laws, the parties agree that the Purchase Price for the Site shall be reduced by an amount equal to Developer's actual and direct third party costs incurred and paid in connection with such work, including without limitation Developer's costs incurred with respect to obtaining required governmental permits and approvals, inspection and monitoring, and disposal of Hazardous Materials; provided, however, that in no event shall Developer be entitled to a reduction in the amount of the Purchase Price in excess of Fifty Thousand Dollars ($50,000) total and Developer shall be solely responsible for any such costs in excess of $50,000. After the Close of Escrow, Agency shall pay any amount it owes to Developer pursuant to this Section 204.2 (up to a maximum of $50,000) within thirty (30) days after Agency's receipt of Developer's invoice and such back-up information that Agency may reasonably require in order to enable it to verify Developer's entitlement to a reduction of the Purchase Price in accordance with this Section 204.2. The parties agree that the operation of this Section 204.2 will not result in Developer paying less than fair market value for the Site in that Agency's appraisal of the Site referred to in Section 201 of this Agreement assumes that the Site complies with applicable environmental laws.

204.3 As-Is Environmental Condition. SUBJECT TO SATISFACTION (OR WAIVER BY DEVELOPER) OF THE CONDITIONS PRECEDENT SET FORTH IN SECTION 205.2, AGENCY'S PERFORMANCE OF ITS COVENANTS SET FORTH IN THIS SECTION 204, AND THE ACCURACY OF AGENCY'S LIMITED REPRESENTATION AND WARRANTY SET FORTH IN SECTION 102.1(G) OF THIS AGREEMENT, DEVELOPER HAS AGREED TO ACCEPT POSSESSION OF THE SITE ON THE CLOSING DATE IN AN "AS IS" PHYSICAL AND ENVIRONMENTAL CONDITION, WITH NO RIGHT OF SET OFF OR REDUCTION IN CONSIDERATION. EXCEPT AS SET FORTH IN SECTION 102.1(G), SUCH SALE SHALL BE WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, SUCH THAT THERE SHALL BE NO WARRANTY OF INCOME POTENTIAL, OPERATING EXPENSES, USES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND FURTHER THAT NO WARRANTY AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE SITE, THE SOIL, ITS GEOLOGY, THE PRESENCE OF KNOWN OR UNKNOWN FAULTS, THE SUITABILITY OF SOILS FOR THE INTENDED PURPOSES, OR THE PRESENCE OF KNOWN OR UNKNOWN HAZARDOUS MATERIALS OR TOXIC SUBSTANCES, AND AGENCY DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY.

204.4 Indemnities and Releases Re Hazardous Material.

(a) Developer Indemnity. Developer hereby agrees and hereby shall Indemnify the Indemnitees from and against all Liabilities arising from, related in any respect to, or as a result of (i) the Presence of Hazardous Materials on the Site which Presence occurs and/or were discovered after the Close of Escrow, and (ii) the Presence of Hazardous Materials on the Site, which Hazardous Materials are not Hazardous Materials at the time of the Close of Escrow, but become Hazardous Materials after Close of Escrow as a result of an amendment to, or interpretation of, the Environmental Law; provided, that none of the same were directly and proximately caused by Agency or any of its agents, employees or contractors. Agency shall cooperate with Developer to ensure that Agency has assigned to Developer any and all rights, if any, that Agency acquired in its

acquisition of the Site or any portion thereof to permit Developer's prosecution of claims against any third parties who are potentially responsible for such Hazardous Materials.

(b) Developer Release. Developer agrees to and hereby shall release the Indemnitees from and against all Liabilities arising from, related in any respect to, or as a result of (i) the Presence of Hazardous Materials on the Site that existed on the Site as of the Close of Escrow, but were discovered after the Close of Escrow, and (ii) the Presence of Hazardous materials on the Site, which Hazardous Materials were not identified and/or defined as such under the Environmental Laws at the time of Close of Escrow but became Hazardous Materials after Close of Escrow as a result an amendment to, or interpretation of, the Environmental Law. Notwithstanding the foregoing, Developer is not releasing the Indemnitees for Agency's breach of its representation and warranty set forth in Section 102.1(g) of this Agreement, nor is Developer releasing any person or entity other than the Indemnitees.

204.5 Right of Entry. From and after the Date of Agreement and continuing until the earlier to occur of (i) the Closing or (ii) termination of this Agreement, Developer shall have the right to enter onto the Site, at Developer's sole cost and expense, during normal business hours, with a minimum of forty-eight (48) hours advance notice to the Agency Director as to each entry, for the purpose of preparing surveys and conducting soils, geotechnical, and other environmental inspections and tests, and any other inspections, studies, or tests reasonably related to determining the feasibility of purchasing the Site and developing the Project thereon (collectively, "Investigations"); provided that any intrusive Investigations shall be subject to Agency's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. Agency, however, acknowledges and hereby consents to Developer conducting environmental and geotechnical tests and borings. Developer shall provide Agency with the name and affiliation of each person or entity entering onto the Site. Agency shall have the right to have one of its representatives accompany Developer or Developer's agent(s) during any on-site inspection.

(a) Developer Covenants and Indemnity. As consideration for Agency's granting permission to Developer to enter onto the Site, Developer agrees (i) that in the event the Site is damaged in any material way as a result of Developer's (or Developer's agent's) entry thereon, Developer will restore the Site as nearly as practicable to the same condition that existed immediately prior to such entry, but Developer shall have no obligation to dispose of any and all soil and other excavated materials, (ii) to keep the Site free and clear of mechanic's and materialmen's liens or any other liens, (iii) to conduct all Investigations in a diligent, expeditious, and safe manner, (iv) to ensure that Developer's activities (or the activities of Developer's consultants, agents, contractors, or other representatives) do not cause dangerous or hazardous conditions to occur on the Site, and (v) to protect, indemnify, defend (with counsel acceptable to Agency), release, and hold harmless Agency, City, and their respective officials, officers, employees, agents, and consultants from and against any and all claims, liabilities, and losses for Claims and Damages (defined below) of whatever nature arising out of the entry onto the Site by Developer or any agent, employee, associate, independent contractor, or anyone else entering at the request, direction, or invitation of Developer, which indemnity obligations shall survive the termination of this Agreement; provided that the foregoing indemnity obligation shall not extend to protect Agency or City from any pre existing liabilities for matters merely discovered by Developer as long as Developer's actions do not aggravate any pre existing liability of Agency or City, and the foregoing indemnity shall not extend to any intentional misconduct or active negligence of Agency or City. As used herein, the term "Claims and Damages" means any and all demands, claims, legal or administrative proceedings, suits, losses, liabilities, damages, penalties, obligations, fines, liens, causes of action, judgments, settlements, injunctive

relief, injury to persons, natural resources or property (including without limitation claims for loss of property values and claims for "stigma" related damages), costs and/or expenses (including without limitation attorney's fees, expert witness fees, costs of investigation, and other costs). Notwithstanding the foregoing indemnity, Developer shall have no liability to Agency or to any other person or entity by reason of, nor shall Developer have any duty to indemnify, defend, or hold any person or entity harmless from or against, any Claims and Damages, including, without limitation, any claim for diminution in value of the Site or for environmental remediation or clean-up costs, arising out of or in connection with the mere fact of having discovered and/or reported (as may be required by law) any adverse physical condition, title condition, environmental condition, or other defect with respect to the Site. Any claim for indemnification under this Section must be made within three (3) years after the date of the termination of this Agreement. Further, notwithstanding the indemnity set forth above, Developer shall not be deemed a generator or operator with respect to any environmental condition found on the Site (which was not caused by Developer or Developer's consultants, agents, contractors, or other representatives) and Agency shall indemnify Developer against same.

(b) Due Diligence. The information obtained by Developer regarding the physical and environmental condition of the Site in the course of conducting its Investigations is intended to be used by Developer to evaluate the value of the Site, the feasibility of the Project, and to plan, design, and engineer the Project. Developer shall promptly furnish to Agency copies of any and all inspections, studies, surveys, and reports prepared or obtained by Developer prior to the Closing that pertain to the physical and environmental condition of the Site (excepting only the Environmental Reports, copies of which have been provided to Agency prior to the Date of Agreement), at no expense to Agency. Such delivery shall be made without any representation or warranty of any kind regarding the accuracy or completeness of the information or items delivered to the Agency.

(c) Permits; Compliance with Laws. Prior to entering onto the Site to perform any Investigations, Developer shall at its sole cost and expense obtain any and all permits and authorizations of whatever nature as may be required from any and all governmental agencies with jurisdiction, including without limitation permits for any drilling and/or excavation to be performed at the Site. In performing any Investigations, Developer shall comply and shall cause its employees, contractors, subcontractors, and other agents to comply with all applicable federal, state, and local laws, rules, and regulations.

205. Conditions to Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions, which the parties shall exercise their best efforts to satisfy, within the times designated below:

205.1 Agency's Conditions Precedent. Agency's obligation to proceed with the Closing is subject to the fulfillment (or waiver in writing by Agency) of each and all of the conditions precedent (a) through (k), inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Prior to the Close of Escrow, Developer shall not be in Default in any of its obligations under the terms of this Agreement.

(b) Execution of Documents. Developer shall have executed any documents required hereunder and delivered such documents into Escrow.

(c) Payment of Funds. Prior to the Close of Escrow, Developer shall have deposited into Escrow the Purchase Price and all of the Closing Costs that are Developer's responsibility in accordance with Sections 201.2(c) and 201.3(b) hereof.

(d) Land Use Approvals. All of the following conditions shall have been satisfied: (i) City shall have issued all of the Land Use Approvals for the Project pursuant to Section 302, and (ii) a rough grading permit and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project (or such permit(s) shall be ready to be issued after Closing upon the payment of fees and/or posting of bonds or other required security instruments, as applicable) with respect to such approvals and permits; and (iii) the approvals and permits referred to in clauses (i) and (ii) above shall all be "final," which for purposes of this Agreement means that the City's action with respect to such items shall be final and the limitations period for any person or entity to file a legal challenge to the validity or enforceability of any such approvals shall have expired without any such legal challenge having been filed or, if such a legal challenge is timely filed, such legal challenge shall have been resolved by a final non-appealable judgment, settlement agreement, or dismissal in a manner that upholds the validity and enforceability of all of such approvals and permits.

(e) Insurance. Developer shall have provided proof of Insurance as required by Sections 306.1 and 306.2 hereof.

(f) Financing; Equity. Agency shall have approved Developer's Construction Financing for construction of the Developer Improvements, Developer's Construction Loan shall have closed and funded concurrently with the Closing, and Developer's Construction Equity shall be available to Developer upon the Closing in substantial accordance with the Construction Financing approved by the Agency Director in accordance with Section 311.1 of this Agreement.

(g) Restrictive Covenants. The parties shall have executed and delivered the Restrictive Covenants into Escrow and the same shall be ready for recordation in the Official Records concurrently with the Close of Escrow.

(h) E-Verify Program. Developer shall have provided a certification to Agency evidencing Developer's registration with E-Verify, along with Developer's E-Verify registration number, in accordance with Section 402.1.

(i) Termination of License. Agency shall have terminated that certain License Agreement with HELPING OTHERS PREPARE FOR ETERNITY (H.O.P.E.) dated as of August 24, 2007, relating to the Site.

(j) Right of Way Abandonment. The City Council shall have adopted a resolution abandoning Walnut Street within the Site with the effective date of the abandonment occurring no later than the Closing Date.

(k) Appraisal. Prior to the Closing Date, Agency shall have obtained an update of the previously prepared appraisal referred to in Section 201 or a new appraisal that

confirms the Purchase Price (as the same may be reduced in accordance with Section 204.2 of this Agreement) is not less than the fair market value of the Site as of the Date of Agreement.

205.2 Developer's Conditions Precedent. Developer's obligation to proceed with the Closing is subject to the fulfillment (or waiver in writing by Developer) of each and all of the conditions precedent (a) through (j), inclusive, described below ("Developer's Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Prior to the Close of Escrow, Agency shall not be in default in any of its obligations under the terms of this Agreement.

(b) Execution of Documents. Agency shall have executed the Grant Deed and any other documents required hereunder and delivered such documents into Escrow.

(c) Title Policies. The Title Company shall, upon payment of Title Company's regularly scheduled premium, have agreed to provide to Developer the Title Policies for the Site upon the Close of Escrow, with title in the Approved Title Conditions and otherwise in accordance with Section 203 hereof.

(d) Land Use Approvals. All of the following conditions shall have been satisfied: (i) City shall have issued all of the Land Use Approvals for the Project pursuant to Section 302; (ii) a rough grading permit and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project (or such permit(s) shall be ready to be issued after Closing upon the payment of fees and/or posting of bonds or other required security instruments, as applicable) with respect to such approvals and permits; and (iii) the approvals and permits referred to in clauses (i) and (ii) above shall all be "final," which for purposes of this Agreement means that the City's action with respect to such items shall be final and the limitations period for any person or entity to file a legal challenge to the validity or enforceability of any such approvals shall have expired without any such legal challenge having been filed or, if such a legal challenge is timely filed, such legal challenge shall have been resolved by a final non-appealable judgment, settlement agreement, or dismissal in a manner that upholds the validity and enforceability of all of such approvals and permits.

(e) Financing; Equity. Developer shall have obtained Construction Financing and the Agency Director's approval of same as provided in Section 311.1 hereof, Developer's Construction Loan shall have closed and funded or be ready to close and fund, and Developer's Construction Equity shall be available to Developer upon the Closing in substantial accordance with the Construction Financing approved by the Agency Director in accordance with Section 311.1.

(f) Restrictive Covenants. The parties shall have mutually executed and delivered the Restrictive Covenants into Escrow and the same shall be ready for recordation in the Official Records concurrently with the Close of Escrow.

(g) Termination of License. Agency shall have terminated that certain License Agreement with HELPING OTHERS PREPARE FOR ETERNITY (H.O.P.E.) dated as of August 24, 2007, relating to the Site.

(h) Right of Way Abandonment. The City Council shall have adopted a resolution abandoning Walnut Street within the Site with the effective date of the abandonment occurring no later than the Closing Date.

(i) City Reimbursement Agreement for Offsite Improvements. City and Developer shall have entered into a binding written agreement consistent with paragraph II.F of Exhibit C to this Agreement pursuant to which City has agreed to reimburse Developer for the construction/installation of the offsite public improvements referred to therein.

(j) Appraisal. Prior to the Closing Date, Agency shall have obtained an update of the previously prepared appraisal referred to in Section 201 or a new appraisal that confirms the Purchase Price (as the same may be reduced in accordance with Section 204.2 of this Agreement) is not less than the fair market value of the Site as of the Date of Agreement.

300. DEVELOPMENT OF THE SITE

301. Scope of Development. Developer shall develop the Site in substantial conformance with the Land Use Approvals and within the time periods set forth in the Schedule of Performance. Developer shall diligently improve the Site with the Developer Improvements, pursuant to the attached Scope of Development (Exhibit C).

302. Land Use Approvals. Within the time set forth in the Schedule of Performance, Developer shall submit an application or applications to City for the Land Use Approvals required for the Project and the construction and operation of the Developer Improvements at the Site within the time frames set forth in the Schedule of Performance. As a Condition Precedent to either party's obligation to Close, the Land Use Approvals shall be consistent with this Agreement and, in particular, the Scope of Development and additional conditions of approval not identified in the Scope of Development, if any, shall be approved by Developer acting in its sole and absolute discretion. In the event that the Land Use Approvals are not consistent with this Agreement and/or Developer fails to approve any additional conditions, then this Agreement may be terminated by either party without any further liability to the other.

303. Intentionally Omitted.

304. Schedule of Performance. Provided that Agency has timely met its respective obligations under the Schedule of Performance and subject to the application of Section 602 hereof, Developer shall commence and Complete all construction of the Developer Improvements and satisfy all other obligations and conditions of this Agreement which are the obligation of Developer within the times established therefor in the Schedule of Performance. The Schedule of Performance is subject to revision from time-to-time as mutually agreed upon in writing by Developer and the Agency Director.

305. Cost of Construction. Subject to Section 204.2, all of the cost of planning, designing, developing and constructing all of the Developer Improvements, including but not limited to the securing of Land Use Approvals and any and all grading, building, and other permits of any kind, compliance with any and all environmental laws and regulations, and payment or other satisfaction of development impact fees payable in connection with the Developer Improvements, shall be borne solely by Developer.

306. Insurance Requirements. Developer shall obtain and maintain at its sole cost and expense, or shall cause its contractor or contractors to take out and maintain at their sole cost and expense, until Agency's issuance of the final Release of Construction Covenants pursuant to Section 310 of this Agreement, the Insurance coverages described in this Section 306, with the coverage limits, conditions, and endorsements defined herein:

306.1 Insurance Coverage. Prior to the earlier to occur of the (i) Developer's exercise of a right of entry onto the Site pursuant to Section 204.4 or (ii) the Closing, the following policies shall be obtained and maintained by Developer or Developer shall cause Contractor to obtain and maintain policies covering all activities relating to construction of Developer Improvements at the Site:

(a) Comprehensive general liability insurance, not excluding XCU, in the amount no less Two Million Dollars ($2,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate for claims arising out of bodily injury, personal injury and property damage. Coverage will include contractual, owners, contractors' protective policy and products and completed operations (Claims made and modified occurrence policies are not acceptable.)

(b) Comprehensive automobile liability insurance, including mobile equipment, in an amount no less than One Million Dollars ($1,000,000), combined single limit (bodily injury and property damage liability), including coverage for liability arising out of the use of owned, non-owned, leased, or hired automobiles for performance of the work. As used herein the term "automobile" means any vehicle licensed or required to be licensed under the California or any other applicable state vehicle code. Such insurance shall apply to all operations of Developer or its contractors and subcontractors both on and away from the Site. In the event that any drivers are excluded from coverage, such drivers will not be permitted to drive in connection with construction of the Developer Improvements. (Claims made and modified occurrence policies are not acceptable.)

(c) Workers' compensation insurance. For the duration of this Agreement, Developer, Contractors, and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by California law, if applicable. The insurer shall waive its rights of subrogation against the City, and the Agency, and their respective officers, employees, representatives, and agents.

(d) A policy of Builder's All-Risk property insurance in an amount of not less than one hundred percent (100%) of the full replacement value of the Developer Improvements. (Claims made and modified occurrence policies are not acceptable.)

(e) Excess liability coverage shall be provided for any underlying policy that does not meet the insurance requirements set forth herein. Excess coverage shall be provided in an amount not less than $1,000,000 for the commercial general liability policy in addition to the $2,000,000 policy limits set forth above. (Claims made and modified occurrence policies are not acceptable.)

Except for workers compensation insurance which shall be placed with The State Compensation Fund, acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, and with an A.M. Best's Guide Rating of A-:VII or better . Any deductibles or self-insured retentions in excess of $250,000 must be declared to and approved by Agency.

For any claims related to this agreement, Developer and Contractor's insurance coverage shall be primary insurance as respects the City, and the Agency, and their respective officers, employees, representatives, and agents. Any insurance or self-insurance maintained by the City, and the Agency, and their respective officers, employees, representatives, and agents shall be excess of the Developer's insurance and the Contractor's insurance and shall not contribute with it.

306.2 Policy Provisions. A certificate or certificates evidencing coverage described in subsections (a) through (e) of Section 306.1, above ("Insurance") shall be submitted to Agency prior to issuance of building permits for and commencement of the construction of the Developer Improvements, which certificates shall be accompanied by appropriate policy endorsements stating that:

(a) Developer and Contractor's insurance coverage shall be primary insurance as respects the City, and the Agency, and their respective officers, employees, representatives, and agents, and shall not contribute with any insurance or self insurance maintained by the City, the Agency, their officers, employees, representatives, and agents.

(b) Not less than ten (30) days advance notice shall be given in writing to Agency and the City prior to any material change, cancellation, termination, non-renewal, or reduction in coverage of the Insurance;

(c) The City and the Agency and their respective officers, employees, representatives, and agents shall be named as additional insureds.

(d) An Additional Insured Endorsement, ongoing and completed operations, for the policy under Section 306.1(a), Commercial General Liability, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(e) An Additional Insured Endorsement for the policy under section 306.1(b), Automobile Liability, including mobile equipment if applicable, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds for automobiles owned, leased, hired, or borrowed by the Developer and/or Contractor. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(f) An Additional Insured Endorsement for the policy under section 101.d, Builder's All Risk, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(g) An Additional Insured Endorsement for the policy under section 101.e, Excess Liability, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds under the excess liability policy. Developer and/or Contractor shall provide to Agency a certificate of insurance stating the excess liability policy follows form, the schedule of underlying policies with policy numbers, and an

additional insured endorsement designating the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds. All documents must conform to Agency's requirements, as approved by the Agency.

Upon request by Agency, Developer shall provide Agency with complete insurance policies evidencing coverage as required herein. Certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. If required by Agency, Developer shall, from time to time, increase the limits of its general and automobile liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Notwithstanding anything to the contrary set forth in this Section, Developer's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Developer or its affiliate; provided, however, (i) that the City, and the Agency, and their respective officers, employees, representatives, and agents shall be named as additional insureds as their interest may appear and (ii) that the coverage afforded the City, and the Agency, and their respective officers, employees, representatives, and will not be reduced or diminished by reason of the use of such blanket policy of insurance, and (iii) that the requirements set forth herein are otherwise satisfied.

The obligations set forth in this Section 306.2 shall remain in effect as to any portion of the Site only until a Release of Construction Covenants has been furnished for such portion of the Site as hereafter provided in Section 310 of this Agreement.

306.3 Mutual Waivers. Except as otherwise set forth in Section 307 hereof, Agency and Developer hereby waive any rights each may have against the other, on account of any loss or damage occasioned to Agency and any additional insured parties and Developer, as the case may be, or the Site, arising from any loss generally covered by all-risk insurance; and the parties each, on behalf of their respective insurance companies insuring the property of either Agency or Developer against any such loss, waive any right of subrogation that such insurer or insurers may have against Agency or Developer, as the case may be. The foregoing mutual waivers of subrogation shall be mutually operative only so long as available in the state in which the Site is situated and provided further that no such policy is invalidated thereby.

307. Developer's Indemnity. Except as set forth in Section 204.3 with respect to Hazardous Materials, Developer shall Indemnify (with one (1) counsel reasonably acceptable to Agency, unless there is a conflict of interest by, among or between any of the Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Developer for each such Indemnitee) the Indemnitees from and against any and all Liabilities which result from the performance of this Agreement by Developer or Developer's ownership, development, use, or operation of the Site or any portion thereof excepting those Liabilities which are caused by the Indemnitees' (or any of them) gross negligence or willful misconduct. Agency, City and Developer agree to fully cooperate with one another in any case where no conflict of interest between the parties is apparent. Without limiting the generality of the foregoing, Developer specifically agrees to indemnify, defend and hold harmless the Indemnitees from any Liabilities resulting from Developer's failure to comply with all applicable laws in accordance with Section 309 hereof.

308. Rights of Access. Representatives of Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the

purposes of verifying Developer's compliance with this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements, and so long as Agency representatives comply with all safety rules and do not unreasonably interfere with the work of Developer. Agency shall defend, indemnify, assume all responsibility for and hold Developer harmless from and against any and all third party liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, and reasonable attorneys' fees of any kind or nature and for any damages, including damages to property or injuries to persons, including accidental death (including reasonable attorneys' fees and costs), which result from the exercise of such entry.

309. Compliance with Governmental Requirements. Developer shall carry out the design, construction and operation of the Project in conformity with all Governmental Requirements.

309.1 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, with respect to the construction and operation of the Project, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Sections 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Sections 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. Sections 1324b, *et seq.*, 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, California Government Code Sections 12900, *et seq.*, the California Equal Pay Law, California Labor Code Sections 1197.5, California Government Code Section 11135, the Americans with Disabilities Act, 42 U.S.C. Sections 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Subject to any obligation Developer may have under applicable law or employment contract to maintain the confidentiality and privacy of employment records and files, Developer shall allow representatives of Agency access to its employment records related to this Agreement during regular business hours at Developer's principal office in Irvine, California to verify compliance with these provisions when so requested by Agency.

309.2 Prevailing Wages. Developer and its contractors and subcontractors shall carry out the construction of the Developer Improvements and the development of the Site in conformity with all applicable federal and state labor laws (including, without limitation, if applicable, the requirement under California law to pay prevailing wages and to hire apprentices pursuant to California Labor Code Section 1720, *et seq.*) The parties believe that the construction of the Developer Improvements is not considered to be a "public work" under California law because the Site is being conveyed for a price that is equal to or higher than its fair market value and the Project is receiving no financial assistance from Agency. Notwithstanding the foregoing, Developer shall be solely responsible for determining and effectuating compliance with such laws, and Agency makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Developer Improvements or any part thereof. Developer hereby expressly acknowledges and agrees that neither City nor Agency have previously affirmatively represented to Developer or its contractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that

Developer shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. Developer shall indemnify, protect, defend and hold harmless Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Developer Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises from the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and to hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Developer Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages and hiring of apprentices under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 309.2, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Developer Improvements by Developer.

310. Release of Construction Covenants. Following Completion of the portion of the Developer Improvements that Developer is required to construct and install on and with respect to any separate legal parcel within the Site in conformity with this Agreement and within ten (10) calendar days following receipt of a written request from Developer, the Agency Director shall furnish Developer with a Release of Construction Covenants for each parcel contained within said group of contiguous separate legal parcels. The Agency Director shall not unreasonably withhold, condition, or delay such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the portion of the Developer Improvements relating to said parcel and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in said parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as are set forth in the Grant Deed and the Restrictive Covenants. If the Agency Director refuses or fails to timely furnish the Release of Construction Covenants after written request from Developer, the Agency Director shall, within ten (10) calendar days of receiving such written request, provide Developer with a written statement setting forth the reasons the Agency Director has refused or failed to furnish the Release of Construction Covenants for the Site. The statement shall also contain a list of the actions Developer must take to obtain a Release of Construction Covenants. If the reason for the Agency Director's refusal to issue the Release of Construction Covenants is due to either the lack of availability of specific landscape and/or finish materials, Developer may provide a cash deposit or completion bond reasonably acceptable to the Agency Director, in which case Developer shall thereby become entitled to the Release of Construction Covenants.

Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. Such Release of Construction Covenants is not a notice of completion as referred to in California Civil Code Section 3093.

311. Financing of the Developer Improvements.

311.1 Approval of Financing. Prior to the Close of Escrow and in accordance with the Schedule of Performance, Developer shall have submitted evidence to Agency that Developer has equity capital and/or a loan commitment from an institutional lender ("Construction Lender") for the construction of the Developer Improvements in accordance with this Agreement ("Construction Loan"). If Developer proposes to fund all or part of the construction of the Developer Improvements using Developer's own funds, Developer shall have submitted, together with evidence reasonably satisfactory to the Agency, that Developer has sufficient equity available to fund the portion of the estimated cost of construction of the Developer Improvements that is not to be funded with the proceeds of the Construction Loan ("Construction Equity"). The Construction Loan and Construction Equity are collectively the "Construction Financing" and such Construction Financing shall be funded or ready to fund and/or shall be available to Developer in accordance with Sections 205.1(f) and 205.2(e) hereof. The Agency Director shall have the right and authority, but not the obligation, on behalf of Agency to review and approve any such Construction Financing and/or Construction Equity in his or her reasonable discretion. The Agency shall approve Construction Financing if from an institutional lender and if the debt portion, if any, together with Developer's Construction Equity, is in an amount not less than the estimated cost of the Developer Improvements and conditioned only upon Closing and such other conditions (e.g., issuance of building permits) as may be standard practice for the Construction Lender. Developer and Agency agree that Developer shall be solely responsible for all financial obligations under such financing.

311.2 Holder Not Obligated to Construct Developer Improvements. The holder of any mortgage or deed of trust authorized by this Agreement ("Holder") shall not be obligated by the provisions of this Agreement to construct or Complete the Developer Improvements or any portion thereof, or to guarantee such construction or Completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such Holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such Holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or Developer Improvements provided for or authorized by this Agreement.

311.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever Agency delivers any notice of default ("Notice of Default") or demand to Developer with respect to any breach or default by Developer in the construction of the Developer Improvements, and if Developer fails to cure the Default within the time set forth in Section 501, Agency shall deliver to each Holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such Holder shall (insofar as the rights granted by Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage; provided, however if the Holder is legally prevented from curing such default because of a bankruptcy by Developer or because such cure requires physical possession of the Site then the sixty (60) day

period shall be tolled until such bankruptcy is confirmed, rejected or otherwise resolved or the Holder has obtained lawful physical possession of the Site. Nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake or continue the construction or Completion of the Developer Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Developer's obligations to Agency by written agreement reasonably satisfactory to Agency, which election to assume may be made within sixty (60) days following Holder's securing of title to the Property. The Holder, in that event, must agree to complete, in the manner provided in this Agreement, the Developer Improvements. Any such Holder properly completing the Developer Improvements shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a Holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such Holder has within such sixty (60) day period commenced foreclosure proceedings to obtain title and/or possession and thereafter the Holder diligently pursues such proceedings to completion and cures or remedies the default.

311.4 Failure of Holder to Complete Developer Improvements. In any case where, sixty (60) days after the Holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a Notice of Default by Developer in Completion of construction of any of the Developer Improvements under this Agreement, and the Holder has not exercised the option to construct as set forth in Section 311.3, or if it has exercised the option but has defaulted thereunder and failed to timely cure such default, Agency may, by giving written notice to the Holder, purchase the mortgage or deed of trust by payment to the Holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the Holder, Agency, if it so desires, shall be entitled to a conveyance of title to the Site or such portion thereof from the Holder to Agency upon payment to the Holder of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the Holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the Holder as a direct result of the subsequent management of the Site or part thereof;

(d) The costs of any Developer Improvements made by such Holder;

(e) Any prepayment charges, default interest, and/or late charges imposed pursuant to the loan documents and agreed to by Developer; and

(f) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by Agency.

311.5 Right of Agency to Cure Mortgage or Deed of Trust Default. In the event Developer receives a notice of default on any mortgage or deed of trust prior to the Completion of the construction of the Developer Improvements and issuance of the Release of Construction Covenants, Developer shall immediately deliver to Agency a copy of such notice of default. If the Holder of any mortgage or deed of trust has not exercised its option to construct, Agency shall have the right but not the obligation to cure the default. Agency shall be entitled to reimbursement from Developer of all proper costs and expenses incurred by Agency in curing such default. Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements.

400. COVENANTS AND RESTRICTIONS

401. Covenant to Develop, Use and Operate the Site in Accordance with Redevelopment Plan, Land Use Approvals, and this Agreement. Developer covenants and agrees for itself and its successors, assigns, and every successor in interest to the Site or any part thereof that Developer and such successors and assignees, shall construct and Complete the Developer Improvements in accordance with the Redevelopment Plan, Land Use Approvals, Section 301, and the Schedule of Performance.

402. Restrictive Covenants. Prior to and as a Condition Precedent to Closing, Agency and Developer shall execute the Restrictive Covenants (Exhibit J). The Restrictive Covenants shall be recorded in the Official Records at Closing.

402.1 E-Verify Compliance. If Developer is not already enrolled in the U.S. Department of Homeland Security's E-Verify program, Developer shall enroll in the E-Verify program within fifteen (15) days of the Date of Agreement to verify the employment authorization of any and all employees assigned to perform work at the Site and/or otherwise perform work for Developer in the City. Developer shall verify employment authorization through the E-Verify program within three (3) days of hiring any and all new employees who will perform work at the Site and/or employees who otherwise perform work for Developer in the City. Information pertaining to the E-Verify program can be found at http://www.uscis.gov, and Developer may access the registration page at https://www.vis-dhs.com/employerregistration. Developer shall certify its registration with E-Verify and provide its registration number to Agency within sixteen (16) days of the Date of Agreement; provision of this certification and registration number is an Agency's Condition Precedent under Section 205.1. Developer shall annually certify to Agency that Developer has complied with this requirement throughout the entire previous twelve (12) month period and failure to comply with this requirement or to provide the required annual certification shall constitute a Default hereunder and under the Restrictive Covenants.

402.2 Maintenance and Security Covenants. Developer covenants and agrees for itself, its successors and assigns and any successor in interest to the Site or part thereof to maintain, at Developer's sole cost and expense, the Site and all Developer Improvements thereon (including the landscaping buffer between Taft Street and Project, alley and Project and Century Boulevard and Project , as required by the Land Use Approvals), in compliance with the terms of the Restrictive Covenants, the Redevelopment Plan and all applicable Governmental Requirements. The operation, use, security and maintenance of the Site shall be accomplished in accordance with the Restrictive Covenants consistent with other residential townhouse developments in Orange County, and shall include regular landscape maintenance, graffiti removal, and trash and debris removal. Following the issuance of the Release of Construction Covenants for the Developer Improvements and thereafter until the expiration or termination of the Redevelopment Plan, the Developer

Improvements (including all landscaping) and repair and maintenance thereof shall remain comparable in terms of quality and level of amenities to the Developer Improvements as of the date of issuance of the Release of Construction Covenants.

402.3 Compliance with Land Use Approvals. Developer's development of the Project shall at all times comply with the Land Use Approvals for the Project, including any and all adopted mitigation measures or conditions applicable thereto.

403. Nondiscrimination. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Developer Improvements or the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Project or the Site. The foregoing covenants shall run with the land and remain in effect in perpetuity.

All deeds, leases or contracts with respect to the Project or the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

b. **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

> "That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

c. **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

404. Intentionally Omitted.

405. Effect of Violation of the Terms and Provisions of this Agreement. Agency is deemed the beneficiary of the terms and provisions of this Agreement for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement has been provided, without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site. Agency shall have the right (subject to Section 501 below), upon a Default by Developer of this Agreement, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such Breaches to which it or any other beneficiaries of this Agreement may be entitled. All of the covenants in this Agreement shall terminate as to a separate legal lot or parcel within the Site upon Agency's issuance of a Release of Construction Covenants with respect to such lot or parcel; provided, however, that such release shall not constitute a termination or release of any covenants that are intended to survive the issuance of the Release of Construction Covenants, as set forth in the Grant Deed and Restrictive Covenant recorded against said lot or parcel.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to Enforced Delay and compliance with the provisions of this Agreement which provide for the protection of Mortgagee rights, including the provisions of Section 311 of this Agreement, failure or delay by either party to perform any material term or provision of this Agreement (a "Breach") following notice and failure to cure as described hereafter constitutes a "Default" under this Agreement.

The nondefaulting party shall give written notice of any Breach to the party in Breach, specifying the Breach complained of by the nondefaulting party ("Notice of Default"). Delay in giving such Notice of Default shall not constitute a waiver of any Breach nor shall it change the time of Breach. Upon receipt of the Notice of Default, the party in Breach shall promptly commence to cure the identified Breach at the earliest reasonable time after receipt of the Notice of Default and shall complete the cure of such Breach not later than thirty (30) days after receipt of the Notice of Default, or, if such Breach cannot reasonably be cured within such thirty (30) day period, then as soon thereafter as reasonably possible, provided that the party in Breach shall diligently pursue such cure to completion ("Cure Period"). Failure of the party in Breach to cure the Breach within the Cure Period set forth above shall constitute a "Default" hereunder.

Any failure or delay by either party in asserting any of its rights and remedies as to any Breach or Default shall not operate as a waiver of any Breach or Default or of any such rights or

remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement (including Section 201.2), any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California, or in the United States District Court for the Central District of California.

503. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other party.

504. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

505. Applicable Law. The laws of the State shall govern the interpretation and enforcement of this Agreement.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") required or permitted under this Agreement shall be in writing and shall be sufficiently given if delivered by hand (and a receipt therefor is obtained or is refused to be given) or dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by telecopy, email or overnight delivery service to:

To Agency:
Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, CA 92840
Attention: Agency Director

with a copy to:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Thomas P. Clark, Jr.

To Developer:
Century Village Group, LLC
c/o Brandywine Homes
16580 Aston
Irvine, California 92606
Attention: Jim Barisic

with a copy to: Rutan & Tucker, LLP
611 Anton Boulevard, 14th Floor
Costa Mesa, California 92626
Attention: Jeffrey M. Oderman, Esq.

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

602. Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays are due to ("Enforced Delay"): litigation challenging the validity of this transaction or any element thereof or the right of either party to engage in the acts and transactions contemplated by this Agreement; inability to secure necessary labor materials or tools; actions in connection with the remediation of Hazardous Materials, including groundwater contamination; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts of terrorism; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; building moratoria; unusually severe weather; or acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of Agency which shall not excuse performance by Agency). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period reasonably attributable to the Enforced Delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and/or Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to Complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Non Liability of Officials and Employees of Agency, City and Developer. No member, official or employee of either party or of the City shall be personally liable to the other party or the City, or any successor in interest, in the event of any Default or Breach by either party or for any amount which may become due to either party or their successors, or on any obligations under the terms of this Agreement.

604. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between Agency and Developer is not that of a partnership or joint venture and that Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Exhibits hereto, Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site.

605. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Agency, the Agency Director or his or her designee is authorized to act on behalf of Agency unless specifically provided otherwise or the context should require otherwise.

606. Commencement of Agency Review Period. The time periods set forth herein and in the Schedule of Performance for Agency's approval of agreements, plans, drawings, or other

information submitted to Agency by Developer and for any other Agency consideration and approval hereunder which is contingent upon documentation required to be submitted by Developer shall only apply and commence upon the complete submittal of all the required information. In no event shall an incomplete submittal by Developer trigger any of Agency's obligations of review and/or approval hereunder; provided, however, that Agency shall notify Developer of an incomplete submittal within the times expressly set forth herein as soon as is practicable.

607. Successors and Assigns. All of the terms, covenants, conditions, representations, and warranties of this Agreement shall be binding upon Agency and Developer and their respective permitted successors and assigns. Whenever the term "Developer" or "Agency," as the case may be, is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

608. Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of Developer, which approval shall not be unreasonably withheld; provided, however, that Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of Developer.

609. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

610. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, including without limitation the ENA, are merged in this Agreement and shall be of no further force or effect; provided, however, that the provisions herein relating to the ENA Deposit shall be binding and enforceable between the parties as provided herein. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 38 (including signature page) and Exhibits A through I (each such Exhibit being incorporated in this Agreement as if fully set forth herein), which together constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

611. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees. Costs recoverable for enforcement of any judgment shall be deemed to include reasonable attorneys' fees.

612. Administration. This Agreement shall be administered and executed by the Agency Director, or his/her designated representative, following approval of this Agreement by Agency. Agency shall maintain authority of this Agreement through the Agency Director (or his/her authorized representative). The Agency Director shall have the authority but not the obligation to issue interpretations, approve Construction Financing, waive provisions, extend time limits, make minor modifications to prior Agency design approvals, and/or enter into amendments of this Agreement on behalf of Agency so long as such actions do not substantially change the uses or

development permitted on the Site, or add to the costs to Agency as specified herein as agreed to by Agency, and such amendments may include extensions of time specified in the Schedule of Performance. All other waivers or amendments shall require the written consent of Agency.

613. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

614. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

615. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

616. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

617. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

618. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens) and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded in which case such day is the day following the excluded day(s). The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time.

619. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

620. Time of Essence. Time is expressly made of the essence with respect to the performance by Agency and Developer of each and every obligation and condition of this Agreement.

621. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement. In this regard, Developer and Agency agree to mutually consider reasonable requests for amendments to this Agreement and/or other estoppel documents. Developer shall be responsible for the costs incurred by Agency, including without limitation attorneys' fees ("Agency Costs") in connection with any amendments to this Agreement and/or estoppel documents which are requested by Developer ("Developer Request"). Developer shall be responsible for payment of Agency Costs as provided in this Section regardless of the outcome of the Developer Request and Agency shall have no obligation to deliver any document in response to a Developer Request until and unless Developer has reimbursed Agency for (or paid directly) all Agency Costs incurred in connection therewith.

622. Conflicts of Interest. No member, official or employee of Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his/her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

623. Time for Acceptance of Agreement by Agency. This Agreement, when executed by Developer and delivered to Agency, must be authorized, executed and delivered by Agency on or before thirty (30) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

[*SIGNATURES ON NEXT PAGE*]

IN WITNESS WHEREOF, the parties hereto have executed this Disposition and Development Agreement as of the Date of Agreement.

AGENCY:

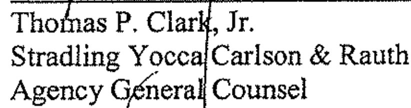
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,
a public body, corporate and politic

By: ______________________________
Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:



____
Thomas P. Clark, Jr.
Stradling Yocca Carlson & Rauth
Agency General Counsel

DEVELOPER:

CENTURY VILLAGE GROUP, LLC
a California limited liability company

By: Brandywine Homes, a California Corporation, its Manager

By:______________________________
Printed Name:______________________________
Title:______________________________

IN WITNESS WHEREOF, the parties hereto have executed this Disposition and Development Agreement as of the Date of Agreement.

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,
a public body, corporate and politic

By: ______________________________
Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
Thomas P. Clark, Jr.
Stradling Yocca Carlson & Rauth
Agency General Counsel

DEVELOPER:

CENTURY VILLAGE GROUP, LLC
a California limited liability company

By: Brandywine Homes, a California Corporation, its Manager

By:______________________________
Printed Name: Jim Barisic
Title: Chairman

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EXHIBIT A

LOCATION MAP

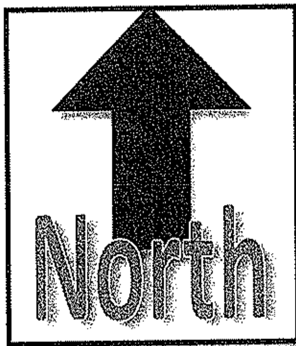

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EXHIBIT B

LEGAL DESCRIPTION

LOTS 16 TO 22, INCLUSIVE, IN BLOCK A AND LOTS 1 TO 5 INCLUSIVE IN BLOCK B ALL OF COOKS ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 8, PAGE 9 OF MISCELLANEOUS MAPS AND LOT 42 OF TRACT 645 IN THE CITY OF GARDEN GROVE, STATE OF CALIFORNIA AS SHOWN ON A MAP RECORDED IN BOOK 25, PAGE 11 OF MISCELLANEOUS MAPS ALL IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF WALNUT STREET WHICH WOULD PASS WITH THE CONVEYANCE OF SAID LAND.

SAID LAND PURPORTED TO CONTAIN APPROXIMATELY 2.67 ACRES

SUBJECT TO LIENS AND ENCUMBRANCES OF RECORD, IF ANY.

EXHIBIT C

SCOPE OF DEVELOPMENT

Unless otherwise specified herein, all capitalized terms in this Scope of Development shall have the meaning(s) set forth for the same Disposition and Development Agreement to which this Scope of Development is attached (DDA).

I. PROJECT DESCRIPTION

The Century Village Project shall be a 53-unit residential townhouse development.

The Project shall include the following Developer Improvements to be constructed by the Developer in conformance with the Conceptual Site Plan and the Land Use Approvals.

II. DEVELOPER IMPROVEMENTS

A. RESIDENTIAL

The Project consists of 53 Townhomes on 2.67-Acres. The Project shall be located on the northwest corner of Century Boulevard and Taft Street. The townhomes will be 2 – 4 bedrooms, 3-stories in height and include a two-space garage on the first level. These units will range in size from 1,150 sf to 1,850 sf with one unit at 2,500 sf.

The Project shall have industry standard amenities including, but not limited to interior passive water feature, outdoor seating arrangements, decorative trellis shaded area, grassy recreational areas, common BBQ cooking facilities, landscaped paseos, meandering walks, urban walking trail along right-of-way on Century Boulevard and Taft Street, exterior balconies for each unit, enhanced landscaped and paved entry, private streets with decorative paving accent areas, and water fountain feature at the corner of Century Boulevard and Taft Street with special Project monument sign

B. PARKING

Each townhome will have a 2-car garage on the first level. There will be additional 24 open parking spaces for visitors.

C. STREETS, SIDEWALKS, AND LANDSCAPING

All streets, sidewalks, and landscaping (in the right-of-way) located within the Project as represented and approved by the Garden Grove Planning Commission shall be included in the Developer Improvements.

An urban trail, to be approved by the Garden Grove Planning Commission, will assist in fulfilling the developer's recreational open space requirement. The urban trail will include, but is not limited to benches, trail markers, walking path and bicycling route.

The Developer is obligated to make improvements to the alley within the project site. The Developer will consult the City of Garden Grove's Engineering department and

follow the Garden Grove municipal code regarding the alley improvements. The alley treatments of the buildings will be articulated to compliment both sides of the street and be approved by the Garden Grove Planning Commission.

III. ARCHITECTURE AND DESIGN BUILDING DESIGN

Plans and design documents shall be developed in conjunction with Agency and Planning Division staff.

IV. DEVELOPER OBLIGATION

A. CONSTRUCTION OF PROJECT

Developer shall construct or cause to be constructed the Project and the Developer Improvements on the Site.

B. LANDSCAPING

All areas of the Site that are not used for buildings, sidewalks, driveways or other hardscape improvements shall be landscaped in accordance with a landscaping plan to be approved by the Agency together with the Garden Grove Planning Commission. Landscaping shall consist of ground covers, trees, potted plants, fountains, pools, and other water features. A permanent water sprinkler system shall be provided in all landscaped areas as required for adequate maintenance.

C. REFUSE

Refuse areas shall be provided in accordance with the requirements of the Project Entitlements.

D. SIGNS

The Project shall have a graphics and sign program located at the corner of Taft Street and Century Boulevard and at the main entryway to the Project. The signs shall conform as to size, color and type, with the sign program to be approved by the Garden Grove Planning Commission.

E. UTILITIES

Developer shall be responsible for utility installations for the Project and hookups to public utility lines. All utility service for the Project shall be installed underground or concealed within buildings and any mechanical, electrical, fire sprinkler or plumbing equipment that may be at ground level shall be aesthetically screened except where not permitted by the Garden Grove Municipal Code.

F. OFFSITE IMPROVEMENTS

Developer shall be responsible for constructing/installing the following public improvements in the City right-of-way contiguous to the Site: (i) widening of the westerly side of Taft Avenue from Century to Garden Grove Boulevard including the curb returns to its full ROW width, including the installation of curb, gutter, and a 2" overlay to the entire street, plus installation of an urban trail behind the curb with landscaping, irrigation, and a meandering concrete sidewalk 4-6' in width; (ii) along the north side of Century Boulevard within the project limits, removal and replacement of the existing curb, gutter, and 8' wide sidewalk with new curb and gutter, a 4' wide sidewalk meandering in an urban trail concept with landscaping and irrigation (as along Taft Avenue), relocating existing traffic signal on the north west corner of Century Boulevard and Taft Street and grinding and providing a 2" asphalt cap overlay to the center median island; (iii) removal of the 20' wide concrete alleyway along and contiguous to the northerly boundary of the Site and replacement of said alley with a 6" thick concrete alleyway from Taft to Century; and (iv) undergrounding of the overhead utilities along the westerly ROW of Taft and the northerly ROW of Century that are contiguous to the Site. All items to be designed and constructed per City standards and to satisfaction of the City Engineer.

It is anticipated that the City will reimburse Developer for the cost of the following items: (i) overlay of the easterly side of Taft Street and the entire northerly portion north of the project boundary, curb, gutter, landscaping and sidewalk on the westerly side of Taft Street from the north side of the Project Boundary to Garden Grove Boulevard; (ii) the relocation of existing traffic signal on the north west corner of Century Boulevard and Taft Street, (iii) alleyway improvements from the west side of the Project Boundary to Century Boulevard; and (iv) undergrounding of overhead utilities on the westerly side of Taft Street.

Terms and Conditions regarding the above described City reimbursements will be contained within a separate reimbursement agreement executed between City and Developer concurrently with Land Use Approvals.

[In the event there are any conflicts or inconsistencies between the narrative description of the Project set forth in the Scope of Development and the Land Use Approvals, the Land Use Approvals will govern and control.]

EXHIBIT D

SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
1. Consideration of Agreement by the Agency Board.	Within thirty (30) days after the Developer's delivery to the Agency of three (3) executed copies of this Agreement.
1.1 Developer submits Additional Deposit in the sum of $100,000	Within ten (10) days after Date of Agreement.
1.2 Agency obtains updated or new appraisal confirming that Purchase Price (as the same may be reduced in accordance with Section 204.2) is not less than fair market value of Site.	Within thirty (30) days after Date of Agreement.
2. Discretionary Land Use Permits, Grading Permits, Permits for Offsite Improvements, and Building Permits	
2.1 Developer submits application(s) for all Land Use Approvals for Project to City.	Within thirty (30) days after Agreement Date.
2.2 Developer and Agency cooperate in effort to cause City to complete its review and take final action on application(s) for all Land Use Approvals.	Within ninety (90) days after City's receipt of Developer's application(s).
2.3 Developer determines whether the additional conditions of Land Use Approvals are acceptable to Developer pursuant to Section 302.	Within thirty (30) days after City approves Land Use Approvals pursuant to Section 302.
2.4 Developer submits applications for rough grading permit for Site and for approval of plans and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project.	Within ninety (90) days after Developer approves additional conditions of Land Use Approvals.
2.5 City to approve, conditionally approve or reject, rough grading permit for Site and plans and permits for any offsite public improvements required to be constructed or installed	Within thirty (30) days after City's receipt of Developer's application(s).

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
by Developer in conjunction with its development of the Project.	
2.6 Developer submits building permit applications for model homes (3).	Within sixty (60) days after City approves rough grading permit for Site and plans and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project.
2.7 Developer submits building permit applications for residential units in Phase 1 of Project (20 units) and related common area improvements.	Within two (2) months after deadline for Developer to submit building permit applications for model homes.
2.8 Developer submits building permit applications for residential units in Phase 2 of Project (14 units) and related common area improvements.	Within five (5) months after deadline for Developer to submit building permit applications for Phase 1 units.
2.9 Developer submits building permit applications for residential units in Phase 3 of Project (16 units) and related common area improvements.	Within eight (8) months after deadline for Developer to submit building permit applications for Phase 2 units.
2.10 City to complete its Initial Plan Check for all residential units/improvements (models and Phases 1-3).	Within forty-five (45) days after City's receipt of Developer's application(s).
2.11 Developer resubmits any required Plan Check Corrections.	Within thirty (30) days after receipt of City's completion of its plan check.
2.12 City to approve Final Building Plans for residential units/improvements (models and Phases 1-3).	Within two (2) weeks after City's receipt of Developer's plan check corrections.
3. Financing (Section 311)	
3.1 Developer submits evidence of Construction Financing to Agency Director.	No later than forty-five (45) days prior to the scheduled Closing Date.
3.2 Agency approves or disapproves Evidence of Financing.	Within fifteen (15) days after Agency's receipt of complete submittal and within fifteen (15) days after each subsequent submittal of Evidence of Financing if the initial or previous submittal is not approved by the Agency.

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
4. Escrow and Title	
4.1 Agency and Developer open escrow and Developer deposits Additional Deposit into Escrow.	Within ten (10) days after the Date of Agreement.
4.2 Agency delivers Title Report to Developer.	Within 30 days after Date of Agreement.
4.3 Delivery Approves or Disapproves Title Exceptions.	Within 15 days after delivery of Preliminary Title Report to Developer.
4.4 Agency delivers notice to Developer as to whether it will cure or disapprove Title Exceptions.	Within 15 days after receipt of Developer's Notice.
4.5 Developer deposits into Escrow balance of Purchase Price and Developer's share of escrow, title, and closing costs needed to comply with Developer's obligations and close the Escrow	Prior to Closing.
4.6 Close of Escrow	As soon as practicable after satisfaction (or waiver by benefited party or parties) of Conditions Precedent; target date for Closing is no later than six (6) months after Date of Agreement.
4.7 Outside Closing Date	The later of (i) twelve (12) months after Date of Agreement or (ii) thirty (30) days after Agency completes removal of H.O.P.E. from Site.
5. Construction of Improvements	
5.1 Developer exercises reasonable efforts to complete remediation of Site in compliance with Environmental Laws.	Within ninety (90) days after Date of Agreement.
5.2 Developer commences Rough Grading and construction/installation of offsite public improvements that are required to be constructed or installed by Developer in conjunction with its development of the Project.	Within ninety (90) days after Closing Date.
5.3 Developer completes rough grading and offsite work.	Within six (6) months after Closing Date.

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
5.4 Developer commences construction of model homes and related common area improvements.	Within six (6) months after Closing Date.
5.5 Developer completes construction of model homes and related common area improvements.	Within six (6) months after commencement of construction.
5.6 Developer commences construction of Phase 1 of Project (20 units) and related common area improvements.	Within sixty (60) days after the later of the following events/dates: (i) completion of the rough grading, offsite work, and the model homes for the Project, and (ii) City's approval of the final plan check for the Phase 1 units/improvements.
5.7 Developer completes construction of Phase 1 of Project and related common area improvements.	Within eight (8) months after commencement of construction.
5.8 Developer commences construction of Phase 2 of Project (14 units) and related common area improvements.	Within sixty (60) days after the later of the following events/dates: (i) City's approval of the final plan check for the Phase 2 units/improvements, and (ii) the date on which Developer has entered into bona fide written contracts with non-refundable deposits on a minimum of 10 of the units in Phase 1.
5.9 Developer completes construction of Phase 2 of Project and related common area improvements.	Within eight (8) months after commencement of construction.
5.10 Developer commences construction of Phase 3 of Project (16 units) and related common area improvements.	Within sixty (60) days after the later of the following events/dates: (i) City's approval of the final plan check for the Phase 3 units/improvements, and (ii) the date on which Developer has closed escrow on a minimum of 15 of the units in Phase 1 and has entered into bona fide written contracts with non-refundable deposits on a minimum of 7 of the units in Phase 2.
5.11 Developer completes construction of Phase 3 of Project and related common area improvements.	Within eight (8) months after commencement of construction.
5.12 Developer delivers written requests to Agency Director for issuance of Release of Construction Covenants.	On a building-by-building (group of contiguous separate legal parcels) basis, as Developer Completes the development

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
	Developer is required to construct and install on and with respect to that building and the separate legal parcels contained within said building.
5.13 Agency issues Release of Construction of Covenants.	Within ten (10) days after receipt of Developer's written request.

NOTES:

1. Except as to the Outside Date, deadlines set forth in this Schedule of Performance are subject to the enforced delay provisions of Section 602 of the Agreement.

2. The Agency's Director has authority, but not the obligation, under Section 602 of the Agreement to approve extensions of time on behalf of the Agency.

3. The descriptions of the items of performance and deadlines in this Schedule of Performance are not intended to supersede the more complete descriptions in the text of the Agreement and the various conditions to the Parties' obligations as set forth therein, and in the event of any conflict between the text of the Agreement and this Schedule, the text of the Agreement shall govern.

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is hereby made as of ______________, 20__, by and between ______________________________, a ________________________ ("__________"), and ________________________________, a ______________________________________ ("Assignee").

RECITALS

A. Assignor and the ____ ("Agency") have entered into a Disposition and Development Agreement dated __________, 20___ ("DDA"). Pursuant to the DDA, Agency agreed to convey [**or conveyed**] to the Assignor a parcel of real property referred to in the DDA as the "Site," and the Assignor agreed (among other things) to construct certain Developer Improvements thereon. Terms used herein and not expressly defined have the meanings set forth in the DDA.

B. Assignor and Assignee desire to provide by this Assignment for Assignor to assign to Assignee all of its rights and obligations under the DDA and for Assignee to accept such assignment and assume all rights and obligations thereunder.

C. Pursuant to Section 103 of the DDA, except for certain permitted Transfers, Agency approval is required for any Transfer of Assignor's interest in the DDA.

D. The parties also desire for Agency to consent to such assignment and assumption, and acknowledge that such assignment and assumption is [**permitted/approved**] pursuant to Section 103 of the DDA.

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

1. Assignment and Assumption. Assignor hereby assigns to Assignee all of its right, title and interest in and to the DDA, and Assignee hereby accepts such assignment and assumes performance of all terms, covenants and conditions on the part of Assignor to be performed, occurring or arising under the DDA, from and after the date hereof.

2. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee, their respective successors and assigns, and Agency as third party beneficiary hereof.

3. Governing Law. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.

4. Further Assurances. Each party hereto covenants and agrees to perform all acts and things, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.

NOW, THEREFORE, the parties hereto have executed this Assignment as of the date set forth above.

ASSIGNOR:

______________________________________,
a ________________________________

By:______________________________________
Its:____________________________________

By:______________________________________
Its:____________________________________

ASSIGNEE:

________________________________, a
____

By:______________________________________
Its:____________________________________

By:______________________________________
Its:____________________________________

CONSENT OF AGENCY TO ASSIGNMENT

Agency hereby acknowledges and consents to the above assignment, and releases Assignor from any further liability under the DDA, except in Assignor's capacity as a member of Assignee.

______________________________,
a public body, corporate and politic

By: ______________________________
Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
Thomas P. Clark, Jr.
Stradling Yocca Carlson & Rauth
Agency General Counsel

EXHIBIT F

GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO
AND SEND TAX STATEMENTS TO:

Garden Grove Agency for
Community Development
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Agency Director

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 27383 and 6103.

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, the Garden Grove Agency for Community Development ("Grantor") hereby grants to Century Village Group, LLC ("Grantee") the property described in Attachment No. 1 attached hereto and incorporated herein by reference (the "Property").

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

B. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by this Grant Deed; provided, however, that any subsequent owner of the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

C. All of the terms, covenants and conditions of this Grant Deed shall be binding upon the Grantee and its successors and assigns. Whenever the term "Grantee" is used in this Grant Deed, such term shall include any other successors and assigns as herein provided.

D. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, the City of Garden Grove, and their respective successors and

assigns. Such covenants shall be covenants running with the land in favor of the Grantor, the City of Garden Grove, and their respective successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

[Signature block begins on following page.]

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized, this _____ day of _________ __, 2010.

GRANTOR:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,
a public body, corporate and politic

Dated: __________________, 20__

By: ____
Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
Thomas P. Clark, Jr.
Stradling Yocca Carlson & Rauth
Agency General Counsel

The undersigned Grantee accepts title subject to the covenants hereinabove set forth.

GRANTEE:

____
a __________________________

Dated: __________________, 2010

By: ____
Its: ____

ATTACHMENT NO. 1

PROPERTY

EXHIBIT G

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Century Village Group, LLC
c/o Brandywine Homes
16580 Aston
Irvine, California 92606
Attention: Jim Barisic

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 27383 and 6103.

RELEASE OF CONSTRUCTION COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS ("Release") is made by the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic ("Agency"), in favor of CENTURY VILLAGE GROUP, LLC, a California limited liability company ("Developer"), as of the date set forth below.

RECITALS

A. Agency and Developer have entered into that certain Disposition and Development Agreement dated ____________, 2010 ("DDA") concerning the redevelopment of certain real property situated in the City of Garden Grove, California referred to in the DDA as the "Site."

B. Developer is the owner in fee of the separate legal parcel described in Attachment No. 1 hereto (the "Property"). The Property is within the Site addressed in the DDA.

C. As referenced in Section 310 of the DDA, Agency is required to furnish Developer or its successors with a Release of Construction Covenants (as defined in Section 100 of the DDA) upon Developer's completion of construction of the portion of the Developer Improvements (as defined in Section 100 of the DDA) that Developer is required to construct on and with respect to each separate legal lot or parcel within the Site, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Orange County. This Release is conclusive determination of satisfactory completion of the construction and development of the Developer Improvements as required by the DDA and the satisfaction of all Developer's obligations set forth in the DDA relating to that lot or parcel (provided that such Release does not constitute a termination or release of covenants set forth in the Grant Deed or in the Restrictive Covenants that were recorded against the Site when Agency conveyed the Site to Developer and which covenants are intended to survive the issuance of such Release).

D. Agency has conclusively determined that Developer has satisfactorily completed construction and development of the portion of the Developer Improvements that Developer was required to construct on and with respect to the Property, in accordance with the DDA.

NOW, THEREFORE, Agency hereby certifies as follows:

1. The portion of the Developer Improvements that Developer was required to construct on and with respect to the Property have been fully and satisfactorily completed in conformance with the DDA.

2. No person now owning or hereafter purchasing, leasing, or otherwise acquiring any interest in the Property shall (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under the DDA; provided, however, that nothing herein is intended to nor shall be interpreted to terminate or release any obligations set forth in the Grant Deed by which the Site was conveyed to Developer or the Restrictive Covenants that were recorded at that time.

3. This Release does not constitute a notice of completion as referred to in California Civil Code Section 3093.

IN WITNESS WHEREOF, Agency has executed this Release this _____ day of ______________________________, 20___.

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,
a public body, corporate and politic

By:_______________________________________
Agency Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
Thomas P. Clark, Jr.
Stradling Yocca Carlson & Rauth
Agency General Counsel

DEVELOPER:

CENTURY VILLAGE GROUP, LLC
a California limited liability company

By: Brandywine Homes, a California corporation, it Manager

Dated: ____________________, 20__

By: _______________________________________
Its: _______________________________________

EXHIBIT H

CONCEPTUAL SITE PLAN

Taft Street

Century Blvd.

EXHIBIT I

RESTRICTIVE COVENANTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO
AND SEND TAX STATEMENTS TO:

Garden Grove Agency for Community
Development
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Agency Director

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 27383 and 6103.

RESTRICTIVE COVENANTS

These **RESTRICTIVE COVENANTS** are made this _____ day of ________________, 20__, ("**Date of Restrictive Covenants**") by between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("**Agency**"), and **CENTURY VILLAGE GROUP, LLC**, a California limited liability company ("**Developer**"), with reference to the following:

A. Agency and Developer have executed a Disposition and Development Agreement (such Disposition and Development Agreement, as it may be amended from time to time, is referred to herein as the "**Agreement**"), dated as of ________________, 20__, which provides for the sale by Agency to Developer of certain real property located in the City of Garden Grove ("**City**"), County of Orange, State of California, more fully described in Attachment No. 1 attached hereto and incorporated herein by this reference ("**Site**") and Developer's development of the Site with approximately fifty-three (53) residential townhomes and related improvements (collectively, the "**Project**"). The Agreement is available for public inspection and copying at the office of the City Clerk's office at 11222 Acacia Parkway, Garden Grove, California 92840.

B. The Agreement provides for, among other things, Developer's conveyance to Agency of restrictive covenants with respect to the construction, operation, and ownership of the Project.

C. All capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer hereby conveys to Agency the Restrictive Covenants described herein.

1. **Transfers of Interest in Site or Agreement.**

1.1 Prohibition Against Transfer Prior to Release of Construction Covenants. The qualifications and identity of Developer are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into these Restrictive Covenants with Developer. Except as expressly set forth in Section 1.2 below, for the period commencing upon the Date of Restrictive Covenants and until the issuance of the Release of Construction Covenants as to a separate legal lot within the Site, no Transferee shall acquire any rights or powers under the Agreement, nor shall Developer make any Transfer of the whole or any part of that lot (which restriction shall not apply to any lot as to which a Release of Construction Covenants previously has been issued) or the portion of the Developer Improvements situated within that lot without the prior written approval of Agency, which approval may be granted or withheld in the sole and absolute discretion of Agency. The restrictions set forth in this Section 1.1 shall terminate and be of no further force or effect as to any lots for which a Release of Construction Covenants has been issued.

1.2 Permitted Transfers. Notwithstanding any other provision of the Agreement or these Restrictive Covenants to the contrary, Agency approval of an assignment of the Agreement or Transfer of any separate legal lot within the Site as to which Agency has not previously issued a Release of Construction Covenants shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to the City, Agency or other appropriate governmental agency, or for the purpose of the granting of easements, permits or similar rights to facilitate construction, use and/or operation of the Developer Improvements.

(b) Any Transfer for Construction Financing purposes (subject to such Construction Financing being considered and approved by Agency pursuant to Section 311.1 of the Agreement), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Developer Improvements, as applicable.

(c) Any Transfer to an entity in which Developer, Brandywine Homes, and/or individual members Jim Barisic, Brett Whitehead, and Dave Barisic directly (i) retains operational control over the management, development and construction of the Site and the Project (or the portions of the Project that have not been Completed as of the Date of the Transfer, as applicable, and subject to the right of non-managerial members, partners, or shareholders, as applicable, to exercise voting rights with respect to so-called "major decisions") and (ii) has not less than a five percent (5%) interest in profit and losses in the Project.

(d) Any Transfer to a Holder, or its Nominee by foreclosure or deed in lieu of foreclosure, or to a third party purchaser at a foreclosure sale or after foreclosure by the Holder or its Nominee.

(e) Any transfers to persons or entities acquiring completed residential units in the Project in the normal course of business.

(f) Any transfer resulting from the death or mental or physical incapacity of an individual.

(g) Any transfer in trust to a family member for estate planning purposes (provided no change of management control occurs).

(h) Notwithstanding the provisions of Section 1.1, Developer shall have the right to do any of the following without Agency pre-approval or consent (so long as Developer continues to operate under the name "Century Village Group, LLC," "Brandywine Homes," or any successor trade name being used by the ongoing Developer entity: (i) dissolve, merge, consolidate, or otherwise reorganize, (ii) sell or transfer ownership interests in Developer, directly or indirectly, or (iii) sell or transfer assets, directly or indirectly, so long as such sale or transfer is not limited only to its rights under the Agreement.

1.3 Assignment and Assumption Agreement. An executed Assignment and Assumption Agreement (or a document effecting a Transfer that includes the substantive provisions of the Assignment and Assumption Agreement) shall also be required for all proposed Transfers, with respect to the portion of the Site so transferred, whether or not Agency's consent is required to a Transferee who has an obligation to construct all or any portion of the Developer Improvements (which obligation the parties agree does not apply to the Construction Lender/Holder, in accordance with Section 311.2 of the Agreement). If the Transfer involves the obligation of the Transferee to construct specific Developer Improvements, Agency is hereby granted the right to compel Developer to enforce any such construction obligation.

1.4 Agency Action Re Requested Transfer. Within thirty (30) days after the receipt of a written Notice requesting Agency approval of a Transfer, Agency shall respond in writing by either approving or disapproving such proposed Transfer, acting in its sole and absolute discretion, or by stating what further information, if any, Agency requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to Agency such further information as may be reasonably requested. Agency shall take final action to approve or disapprove a requested Transfer within thirty (30) days after the request is complete.

2. Indemnities and Releases Re Hazardous Materials.

2.1 Developer Indemnity. Developer hereby agrees and hereby shall Indemnify the Indemnitees from and against all Liabilities arising from, related in any respect to, or as a result of (i) the Presence of Hazardous Materials on the Site which Presence occurs and/or were discovered after the Close of Escrow, and (ii) the Presence of Hazardous Materials on the Site, which Hazardous Materials are not Hazardous Materials at the time of the Close of Escrow, but become Hazardous Materials after Close of Escrow as a result of an amendment to, or interpretation of, the Environmental Law; provided, that none of the same were directly and proximately caused by Agency or any of its agents, employees or contractors. Agency shall cooperate with Developer to ensure that Agency has assigned to Developer any and all rights that Agency acquired in its acquisition of the Site or any portion thereof to permit Developer's prosecution of claims against any third parties who are potentially responsible for such Hazardous Materials.

2.2 Developer Release. Developer agrees to and hereby shall release the Indemnitees from and against all Liabilities arising from, related in any respect to, or as a result of (i) the Presence of Hazardous Materials on the Site that existed on the Site as of the Close of Escrow, but were discovered after the Close of Escrow, and (ii) the Presence of Hazardous materials on the Site, which Hazardous Materials were not identified and/or defined as such under the Environmental

Laws at the time of Close of Escrow but became Hazardous Materials after Close of Escrow as a result an amendment to, or interpretation of, the Environmental Law. Notwithstanding the foregoing, Developer is not releasing the Indemnitees for Agency's breach of its representation and warranty set forth in Section 102.1(g) of the Agreement, nor is Developer releasing any person or entity other than the Indemnitees.

2.3 Developer's Indemnity Re Liabilities. Except as set forth in Sections 2.1 and 2.2 above with respect to Hazardous Materials, Developer shall Indemnify (with one (1) counsel reasonably acceptable to Agency, unless there is a conflict of interest by, among or between any of the Indemnitees, whether individuals or entities in which case separate counsel shall be provided by Developer for each such Indemnitee) the Indemnitees from and against any and all Liabilities which result from the performance of these Restrictive Covenants by Developer or Developer's ownership, development, use, or operation of the Site or any portion thereof excepting those Liabilities which are caused by the Indemnitees' (or any of them) gross negligence or willful misconduct. Agency, City and Developer agree to fully cooperate with one another in any case where no conflict of interest between the parties is apparent. Without limiting the generality of the foregoing, Developer specifically agrees to indemnify, defend and hold harmless the Indemnitees from any Liabilities resulting from Developer's failure to comply with all applicable laws in accordance with Section 5 hereof.

3. Developer Improvements. Developer shall develop the Site in substantial conformance with the Land Use Approvals, including any and all adopted conditions of approval and mitigation measures applicable thereto, and within the time periods set forth in the Schedule of Performance.

4. Insurance Requirements. Developer shall obtain and maintain at its sole cost and expense, or shall cause its contractor or contractors to take out and maintain at their sole cost and expense, until Agency's issuance of the final Release of Construction Covenants pursuant to the Agreement, the Insurance coverages described in this Section 4, with the coverage limits, conditions, and endorsements defined herein:

4.1 Insurance Coverage. Prior to the earlier to occur of the (i) Developer's exercise of a right of entry onto the Site pursuant to Section 204.4 of the Agreement or (ii) the Closing, the following policies shall be obtained and maintained by Developer or Developer shall cause Contractor to obtain and maintain policies covering all activities relating to construction of Developer Improvements at the Site:

(a) Comprehensive general liability insurance, not excluding XCU, in the amount no less Two Million Dollars ($2,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate for claims arising out of bodily injury, personal injury and property damage. Coverage will include contractual, owners, contractors' protective policy and products and completed operations (Claims made and modified occurrence policies are not acceptable.)

(b) Comprehensive automobile liability insurance, including mobile equipment, in an amount no less than One Million Dollars ($1,000,000), combined single limit (bodily injury and property damage liability), including coverage for liability arising out of the use of owned, non-owned, leased, or hired automobiles for performance of the work. As used herein the term "automobile" means any vehicle licensed or required to be licensed under the California or any other applicable state vehicle code. Such insurance shall apply to all operations of Developer or its

contractors and subcontractors both on and away from the Site. In the event that any drivers are excluded from coverage, such drivers will not be permitted to drive in connection with construction of the Developer Improvements. (Claims made and modified occurrence policies are not acceptable.)

(c) Workers' compensation insurance. For the duration of the Agreement, Developer, Contractors, and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by California law, if applicable. The insurer shall waive its rights of subrogation against the CITY, and the AGENCY, and their respective officers, employees, representatives, and agents.

(d) A policy of Builder's All-Risk property insurance in an amount of not less than one hundred percent (100%) of the full replacement value of the Developer Improvements. (Claims made and modified occurrence policies are not acceptable.)

(e) Excess liability coverage shall be provided for any underlying policy that does not meet the insurance requirements set forth herein. Excess coverage shall be provided in an amount not less than $1,000,000 for the commercial general liability policy in addition to the $2,000,000 policy limits set forth above. (Claims made and modified occurrence policies are not acceptable.)

Except for workers compensation insurance which shall be placed with The State Compensation Fund, acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, and with an A.M. Best's Guide Rating of A-:VII or better . Any deductibles or self-insured retentions in excess of $250,000 must be declared to and approved by Agency.

For any claims related to the Agreement, Developer and Contractor's insurance coverage shall be primary insurance as respects the City, and the Agency, and their respective officers, employees, representatives, and agents. Any insurance or self-insurance maintained by the City, and the Agency, and their respective officers, employees, representatives, and agents shall be excess of the Developer's insurance and the Contractor's insurance and shall not contribute with it.

4.2 Policy Provisions. A certificate or certificates evidencing coverage described in subsections (a) through (e) of Section 4.1, above ("Insurance") shall be submitted to Agency prior to issuance of building permits for and commencement of the construction of the Developer Improvements, which certificates shall be accompanied by appropriate policy endorsements stating that:

(a) Developer and Contractor's insurance coverage shall be primary insurance as respects the City, and the Agency, and their respective officers, employees, representatives, and agents, and shall not contribute with any insurance or self insurance maintained by the City, the Agency, their officers, employees, representatives, and agents.

(b) Not less than ten (30) days advance notice shall be given in writing to Agency and the City prior to any material change, cancellation, termination, non-renewal, or reduction in coverage of the Insurance;

(c) The City and the Agency and their respective officers, employees, representatives, and agents shall be named as additional insureds.

(d) An Additional Insured Endorsement, ongoing and completed operations, for the policy under Section 4.1(a), Commercial General Liability, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(e) An Additional Insured Endorsement for the policy under Section 4.1(b), Automobile Liability, including mobile equipment if applicable, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds for automobiles owned, leased, hired, or borrowed by the Developer and/or Contractor. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(f) An Additional Insured Endorsement for the policy under Section 4.1(d), Builder's All Risk, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds. Developer and/or Contractor shall provide to Agency proof of insurance and endorsement forms that conform to Agency's requirements, as approved by the Agency.

(e) An Additional Insured Endorsement for the policy under Section 4.1(e), Excess Liability, shall designate the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds under the excess liability policy. Developer and/or Contractor shall provide to Agency a certificate of insurance stating the excess liability policy follows form, the schedule of underlying policies with policy numbers, and an additional insured endorsement designating the City, and the Agency, and their respective officers, employees, representatives, and agents as additional insureds. All documents must conform to Agency's requirements, as approved by the Agency.

Upon request by Agency, Developer shall provide Agency with complete insurance policies evidencing coverage as required herein. Certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. If required by Agency, Developer shall, from time to time, increase the limits of its general and automobile liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Notwithstanding anything to the contrary set forth in this Section, Developer's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Developer or its affiliate; provided, however, (i) that the City, and the Agency, and their respective officers, employees, representatives, and agents shall be named as additional insureds as their interest may appear and (ii) that the coverage afforded the City, and the Agency, and their respective officers, employees, representatives, and will not be reduced or diminished by reason of the use of such blanket policy of insurance, and (iii) that the requirements set forth herein are otherwise satisfied.

The obligations set forth in this Section 4 shall remain in effect as to any portion of the Site only until a Release of Construction Covenants has been furnished for such portion of the Site as provided in Section 310 of the Agreement.

4.3 Mutual Waivers. Except as otherwise set forth in Section 2.4 hereof, Agency and Developer hereby waive any rights each may have against the other, on account of any loss or damage occasioned to Agency and any additional insured parties and Developer, as the case may be, or the Site, arising from any loss generally covered by all-risk insurance; and the parties each, on behalf of their respective insurance companies insuring the property of either Agency or Developer against any such loss, waive any right of subrogation that such insurer or insurers may have against Agency or Developer, as the case may be. The foregoing mutual waivers of subrogation shall be mutually operative only so long as available in the state in which the Site is situated and provided further that no such policy is invalidated thereby.

5. Compliance with Governmental Requirements. Developer shall carry out the design, construction and operation of the Project in conformity with all Governmental Requirements.

5.1 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, with respect to the construction and operation of the Project, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Sections 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Sections 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. Sections 1324b, *et seq.*, 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, California Government Code Sections 12900, *et seq.*, the California Equal Pay Law, California Labor Code Sections 1197.5, California Government Code Section 11135, the Americans with Disabilities Act, 42 U.S.C. Sections 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Subject to any obligation Developer may have under applicable law or employment contract to maintain the confidentiality and privacy of employment records and files, Developer shall allow representatives of Agency access to its employment records related to this Agreement during regular business hours at Developer's principal office in Irvine, California to verify compliance with these provisions when so requested by Agency.

5.2 Prevailing Wages. Developer and its contractors and subcontractors shall carry out the construction of the Developer Improvements and the development of the Site in conformity with all applicable federal and state labor laws (including, without limitation, if applicable, the requirement under California law to pay prevailing wages and to hire apprentices pursuant to California Labor Code Section 1720, *et seq.*) The parties believe that the construction of the Developer Improvements is not considered to be a "public work" under California law because the Site is being conveyed for a price that is equal to or higher than its fair market value and the Project is receiving no financial assistance from Agency. Notwithstanding the foregoing, Developer shall be solely responsible for determining and effectuating compliance with such laws, and Agency makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Developer Improvements or any part thereof. Developer hereby expressly acknowledges and agrees that neither City nor Agency have previously affirmatively represented to Developer or its contractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures or identifications required by

Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. Developer shall indemnify, protect, defend and hold harmless Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Developer Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises from the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and to hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Developer Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages and hiring of apprentices under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 5.2, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Developer Improvements by Developer.

6. Intentionally Omitted.

7. E-Verify Compliance. If Developer is not already enrolled in the U.S. Department of Homeland Security's E-Verify program, Developer shall enroll in the E-Verify program within fifteen (15) days of the Date of Agreement to verify the employment authorization of any and all employees assigned to perform work at the Site and/or otherwise perform work for Developer in the City. Developer shall verify employment authorization through the E-Verify program within three (3) days of hiring any and all new employees who will perform work at the Site and/or employees who otherwise perform work for Developer in the City. Information pertaining to the E-Verify program can be found at http://www.uscis.gov, and Developer may access the registration page at https://www.vis-dhs.com/employerregistration. Developer shall certify its registration with E-Verify and provide its registration number to Agency within sixteen (16) days of the Date of Agreement, provision of this certification and registration number is an Agency's Condition Precedent under Section 205.1. Developer shall annually certify to Agency that Developer has complied with this requirement throughout the entire previous twelve (12) month period and failure to comply with this requirement or to provide the required annual certification shall constitute a Default hereunder and under the Restrictive Covenants.

7.1 Maintenance and Security Covenants. Developer covenants and agrees for itself, its successors and assigns and any successor in interest to the Site or part thereof to maintain, at Developer's sole cost and expense, common areas within the Site (including the landscaping buffer between Taft Street and Project, alley and Project and Century Boulevard and Project , as required by the Land Use Approvals), in compliance with the terms of the Restrictive Covenants, the Redevelopment Plan and all applicable Governmental Requirements. The operation, use, security and maintenance of the Site shall be accomplished in accordance with the Restrictive Covenants

consistent with other residential townhouse developments in Orange County, and shall include regular landscape maintenance, graffiti removal, and trash and debris removal. Following the issuance of the Release of Construction Covenants for the Developer Improvements and thereafter until the expiration or termination of the Redevelopment Plan, the Developer Improvements (including all landscaping) and repair and maintenance thereof shall remain comparable in terms of quality and level of amenities to the Developer Improvements as of the date of issuance of the Release of Construction Covenants.

7.2 **Failure to Maintain Common Areas.** In the event Developer does not maintain the common areas within the Site in the manner set forth herein, Agency and/or City shall have the right to maintain such Developer Improvements, or to contract for the correction of such deficiencies, after written notice to Developer. However, prior to taking any such action, Agency agrees to notify Developer in writing to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to the public health and safety of City, then Developer shall have forty eight (48) hours to rectify the problem.

In the event Developer fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after the period of correction has lapsed, then City and/or Agency shall have the right to maintain such Developer Improvements. Developer agrees to pay City such reasonable charges and costs. Until so paid, Agency shall have a lien on the Site for the amount of such reasonable charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all after recorded monetary liens. Any such lien shall be subject and subordinate to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure purchaser shall take title to the Site free of any lien imposed by Agency that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of Agency and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in this Agreement and the charges levied by Agency to reimburse Agency for the cost of undertaking such maintenance obligations of Developer and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships according to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a

lien against the portion of the Site owned in fee by the owner who is liable for the apportioned charges levied by Agency and secured by the apportioned lien and against no other portion of the Site. Developer acknowledges and agrees City and Agency may also pursue any and all other remedies available in law or equity. Developer shall be liable for any and all attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

8. **Nondiscrimination.** Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Developer Improvements or the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Project or the Site.

All deeds, leases or contracts with respect to the Project or the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

8.2 **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

> "That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

8.3 **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the

Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

9. Intentionally Omitted.

10. Intentionally Omitted.

11. Re-entry and Revesting of Title in Agency After the Closing and Prior to Completion of Construction. Without limiting the rights as set forth in Section 11, and without affecting the priority of the lien of the Holder's deed of trust or mortgage, prior to Agency's issuance of a Release of Construction Covenants as to any separate legal lot within the Site, Agency has the right, at its election, to reenter and take possession of such lot with all Developer Improvements thereon, and terminate and Revest in Agency the estate conveyed to Developer only if after the Closing and prior to the issuance of the final Release of Construction Covenants, Developer (or its successors in interest) shall commit any of the following Defaults:

11.1 fail to start the construction of the portion of the Developer Improvements that Developer is required to construct on and with respect to said lot as required by these Restrictive Covenants for a period of ninety (90) days after Notice thereof from Agency subject to extension pursuant to Section 602 of the Agreement; or

11.2 abandon or substantially suspend construction of the portion of the Developer Improvements required by these Restrictive Covenants on and with respect to said lot for a period of ninety (90) days after Notice thereof from Agency subject to extension pursuant to Section 602 of the Agreement; or

11.3 transfer or suffer any involuntary Transfer in violation of these Restrictive Covenants, and such Transfer, if it is a Transfer requiring approval by Agency, is not rescinded within thirty (30) days of Notice thereof from Agency to Developer.

Such right to reenter, terminate and Revest, *vis a vis* a Holder or its Nominee, shall be exercisable only if:

1. Such Holder (or its Nominee) (a) shall have failed to cure any Default within the applicable cure periods granted to such Holder (or its Nominee), or (b) shall have given Agency written notice that it will not cure any such Default or condition or that it will otherwise not comply with the terms and conditions of these Restrictive Covenants, and

2. Agency, within ninety (90) days after the occurrence of any events described in subparagraph 1 immediately above, shall commence the exercise of its right of entry and shall pay to Holder (or its Nominee) in immediately available funds, the Loan Balance existing with respect to the lot(s) in question prior to Revesting.

In the event of a failure or refusal to cure a Default, as described in subparagraph 1 above, Agency's sole remedy *vis a vis* Holder shall be the exercise of the re-entry right and

Revesting in accordance herewith. Nothing herein shall be construed to prohibit or limit Agency's exercise of eminent domain authority.

The conditions to the commencement of the exercise of Agency's right to re-enter and Revest as described above shall be applicable whether the re-entry and Revesting occurs (a) prior to foreclosure (or deed in lieu of foreclosure) by the Holder (or its Nominee) under its mortgage or deed of trust; or (b) after Holder (or its Nominee) acquires title to the lot(s) in question by foreclosure (or deed-in-lieu of foreclosure) under its mortgage or deed of trust.

12. Rights of Access. Representatives of Agency shall have the right of access to the Site, without charges or fees, at normal business hours for the purposes of this verifying Developer's compliance these Restrictive Covenants, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements, and so long as Agency representatives comply with all safety rules and do not unreasonably interfere with the work of Developer. Agency shall defend, indemnify, assume all responsibility for and hold Developer harmless from and against any and all third party liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, and reasonable attorneys' fees of any kind or nature and for any damages, including damages to property or injuries to persons, including accidental death (including reasonable attorneys' fees and costs), which result from the exercise of such entry.

13. Miscellaneous Provisions.

13.1 If any provision of these Restrictive Covenants or portion thereof, or the application to any person or circumstances, shall to any extent be held invalid, inoperative or unenforceable, the remainder of these Restrictive Covenants, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; provided, that if any material terms or provisions of these Restrictive Covenants are rendered invalid, void and/or unenforceable, or due to changes in the law such terms or provisions would materially alter the terms of the transactions contemplated herein, the parties agree to meet and negotiate in good faith to attempt to reform these Restrictive Covenants to accomplish the intent of the parties.

13.2 These Restrictive Covenants shall be construed in accordance with the laws of the State of California.

13.3 These Restrictive Covenants shall be binding upon and inure to the benefit of the successors and assigns of Developer.

13.4 In the event action is instituted to enforce any of the provisions of these Restrictive Covenants, the prevailing party in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorney's fees, expert witness fees, and costs.

14. Breaches and Defaults. Subject to Enforced Delay and compliance with the provisions of the Agreement which provide for the protection of Mortgagee rights, including the provisions of Section 311 of the Agreement, failure or delay by either party to perform any material term or provision of these Restrictive Covenants (a "Breach") following notice and failure to cure as described hereafter constitutes a "Default" under these Restrictive Covenants.

The nondefaulting party shall give written notice of any Breach to the party in Breach, specifying the Breach complained of by the nondefaulting party ("Notice of Default"). Delay in giving such Notice of Default shall not constitute a waiver of any Breach nor shall it change the time of Breach. Upon receipt of the Notice of Default, the party in Breach shall promptly commence to cure the identified Breach at the earliest reasonable time after receipt of the Notice of Default and shall complete the cure of such Breach not later than thirty (30) days after receipt of the Notice of Default, or, if such Breach cannot reasonably be cured within such thirty (30) day period, then as soon thereafter as reasonably possible, provided that the party in Breach shall diligently pursue such cure to completion ("Cure Period"). Failure of the party in Breach to cure the Breach within the Cure Period set forth above shall constitute a "Default" hereunder.

Any failure or delay by either party in asserting any of its rights and remedies as to any Breach or Default shall not operate as a waiver of any Breach or Default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

15. Remedies.

15.1 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions set forth in these Restrictive Covenants, any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct, or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of these Restrictive Covenants. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California or in the Federal District Court in the Central District of California.

15.2 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Agency, service of process on Agency shall be made by personal service upon the Agency Director or Chairman of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Developer, service of process on Developer shall be made by personal service upon Developer or in such manner as may be provided by law, and shall be valid whether made within or without the State of California.

15.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in these Restrictive Covenants, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other party.

16. Effect of Restrictive Covenants. The covenants and agreements established in these Restrictive Covenants shall, without regard to technical classification and designation, run with the land and be binding on each owner of the Site and any successor in interest to the Site, or any part thereof (including each parcel thereof), for the benefit of and in favor of Agency, its successor and assigns, and the City of Garden Grove, for the term specified herein.

17. Recordation. These Restrictive Covenants shall be recorded by Agency in the official records of the Recorder of the County of Orange.

18. Interpretation. In the event of any conflict or inconsistency between the terms and conditions of these Restrictive Covenants and the Agreement, the terms and conditions of these Restrictive Covenants shall prevail. No third party beneficiaries are intended, and the only parties who are entitled to enforce the provisions of these Restrictive Covenants are Agency, City, Developer and their respective successors and assigns.

19. Term. These Restrictive Covenants shall remain in effect until the expiration of the Redevelopment Plan. As to each separate legal lot within the Site, these Restrictive Covenants shall remain in effect until Agency issues its Release of Construction Covenants for said lot and thereafter these Restrictive Covenants shall be of no further force or effect with respect to said lot; provided, however, that (i) nothing herein is intended to result in the termination of the covenants set forth in paragraph A of the Grant Deed applicable to said lot (Exhibit F to the Agreement) and (ii) nothing herein is intended to release Developer from any personal liability to Agency for breach or default with respect to any of the Covenants set forth in Sections 2, 4, or 5.2 of these Restrictive Covenants which breach or default occurs prior to Agency's issuance of its Release of Construction Covenants (with the understanding that Developer's obligation shall not run with the land and shall not burden the lot(s) as to which a Release of Construction Covenants has been issued or any transferee, assignee, or successor of Developer's title thereto. Upon Developer's request or the request of any Holder or transferee, assignee, or successor of Developer's title to a lot for which Agency has issued a Release of Construction Covenants, Agency agrees to execute in recordable form and deliver to said requesting party an appropriate document (prepared at no cost to Agency) confirming the termination of these Restrictive Covenants as to said lot.

IN WITNESS WHEREOF, the parties hereto have executed these Restrictive Covenants as of the day and year first hereinabove written.

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
a public body, corporate and politic

By: ______________________________
Agency Director

ATTEST:

____
______________, Agency Secretary

DEVELOPER:

CENTURY VILLAGE GROUP, LLC
a California limited liability company

By: Brandywine Homes, a California Corporation, its Manager

Dated: ______________, 20__

By: ______________________________
Its: ______________________________

GARDEN GROVE REDEVELOPMENT PROJECT

GARDEN GROVE, CALIFORNIA

SUMMARY REPORT PERTAINING TO THE PROPOSED SALE OF CERTAIN PROPERTY WITHIN THE GARDEN GROVE COMMUNITY PROJECT AREA

California Community Redevelopment Law
Section 33433

PURSUANT TO PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
AND
CENTURY VILLAGE GROUP, LLC

Garden Grove Agency for Community Development
Garden Grove, California

March 2010

TABLE OF CONTENTS

Page

I. Introduction 1

II. Costs of the DDA to the Agency 3

III. Estimated Value of the Interest to be Conveyed at the Highest and Best Use Permitted Under the Redevelopment Plan 4

IV. Estimated Value of the Interest to be Conveyed at the Use and with the Conditions, Covenants, and Development Costs Required by the Sale of the Property 5

V. Compensation which Purchaser will be Required to Pay 7

VI. Explanation of the Difference, if any, between the Compensation to be Paid to the Agency by the Proposed Transaction and the Fair Market Value of the Interest to be Conveyed at the Highest and Best Use Consistent with the Redevelopment Plan 8

VII. Explanation of why the Sale of the Property will Assist with the Elimination of Blight 9

VIII. Limiting Conditions 10

I. INTRODUCTION

A. Purpose of Report

This Summary Report was prepared in accordance with Section 33433 of the California Community Redevelopment Law in order to inform the Garden Grove Agency for Community Development (Agency) and the public about the proposed transaction between the Agency and Century Village Group, LLC (Developer). The Report describes and specifies:

1. The costs to be incurred by the Agency under the Disposition and Development Agreement (DDA);

2. Estimated value of the interest to be conveyed at the highest and best use permitted under the Redevelopment Plan;

3. The estimated value of the interest to be conveyed at the proposed use and with the conditions, covenants, and development costs required by the sale of the Property;

4. The compensation to be paid to the Agency pursuant to the proposed transaction;

5. An explanation of the difference, if any, between the compensation to be paid to the Agency under the proposed transaction, and the fair market value at the highest and best use consistent with the Redevelopment Plan; and

6. An explanation of why the sale of the Property will assist with the elimination of blight.

B. Description of Area and Proposed Project

The site to be developed is a 2.67-acre site (Property) located within the Garden Grove Community Project Area (Project Area). The Property is situated at the northwesterly corner of Century Boulevard and Taft Avenue, including a portion of the vacated Walnut Street. The Property is flat and trapezoidal in shape and currently improved with an older commercial retail building and other on-site improvements such as remnant paving and perimeter fencing.

Proposed Development

Table 1 describes the physical characteristics of the proposed development. The Developer intends to build 53 market-rate townhome units (Project) comprising two, three, four, and five bedroom units, as shown below.

	Number of Units		Average Unit Size	
Two Bedroom	6	Units	1,394	SF
Three Bedroom	14	Units	1,700	SF
Four Bedroom	32	Units	1,945	SF
Five Bedroom	1	Unit	2,247	SF
Total/Average	53	Units	1,824	SF

The townhome units will each have a private 2-car garage, totaling 106 parking spaces. There will be an additional 24 surface spaces provided for guest and resident parking.

C. Proposed Transaction Terms

This section summarizes the salient aspects contained in the Disposition and Development Agreement (DDA) between the Agency and Developer.

- The Agency will convey the Property to the Developer for $4,010,000 (Purchase Price).
- The Developer will accept the Property in an "as is" condition.
- The Developer will acquire the necessary land use approvals for construction and operation of the Project.
- The Developer will construct 53 market-rate townhome units on the Property.

II. COSTS OF THE DDA TO THE AGENCY

The estimated costs of the DDA to the Agency total $2,665,000, and include the following items:

Agency Costs (1)	**Amount**
Site Acquisition	$2,509,000
Acquisition Related Costs (2)	$131,000
Other Agency Third Party Soft Costs (3)	$25,000
Total Agency Costs	**$2,665,000**

(1) Per Agency.
(2) Reflects costs such as remediation, environmental, and relocation.
(3) Reflects legal and economic consultants.

III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

This section presents an analysis of the fair market value of the Property at its highest and best use.

In appraisal terminology, the highest and best use is that use of the Property that generates the highest property value and is physically possible, financially feasible, and legally permitted. Therefore, value at highest and best use is based solely on the value created and not on whether or not that use carries out the redevelopment goals and policies for the City of Garden Grove. By definition, the highest and best use is that use which is physically possible, financially feasible, and legally permitted. The Property is located within Land Use District 43 (community commercial) of the Community Center Specific Plan (CCSP) of the City of Garden Grove. The CCSP allows for commercial retail and office uses.

KMA undertook a review of available appraisals and comparable land sales in order to determine the fair market value of the Property. KMA first reviewed the appraisal done for the Agency and conducted by Lidgard and Associates, Inc. (Lidgard) with a date of value of January 8, 2010. The appraisal states the Property's optimal utility is for a commercial development. Lidgard relied on the comparable sales approach to value, with a conclusion of value for the Property of $3,800,000, or $33 per SF of land.

In addition, KMA undertook its own review of selected land sales in the City of Garden Grove and surrounding communities. Table 2 summarizes the KMA review of land sales. The KMA survey focused on sales of sites for the time period from January 2008 to the present. As shown in the table, sales prices ranged from $18 to $57 per SF of land. The median and average sales prices were $37 and $36 per SF of land, respectively. The appraised value determined by Lidgard falls slightly below the median and average sales prices of the comparables. In general, KMA finds the comparable sales to be superior to the Property in terms of location and timing of sale. On this basis, then, KMA concurs with the Lidgard appraisal finding of value for the Property.

KMA concludes that the fair market value of the Property at its highest and best use is $3,800,000, or $33 per SF of land.

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE SALE OF THE PROPERTY

Re-use value is defined as the highest price in terms of cash or its equivalent, which a property or development right is expected to bring for a specified use in a competitive open market, subject to the conditions, covenants, and development costs imposed by the DDA.

KMA analyzed the financial pro forma submitted by the Developer for the Project. The Developer intends to construct 53 townhome units with two-car attached garages.

Tables 3 to 5 present KMA's residual value analysis for the Project.

Development Costs

Table 3 summarizes the estimate of development costs for the Project. The Developer provided cost estimates for the construction of the Project. KMA reviewed these estimates in light of KMA's experience with comparable projects in Southern California. KMA has determined the cost estimates, as described below, to be reflective of today's marketplace. Total development costs, excluding acquisition are estimated to be $14,484,000, or $150 per SF of gross building area (GBA). These include the following:

- Direct construction costs, such as site preparation, shell construction, and contingency, are estimated to be $9,815,000, or $102 per SF GBA.

- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marking and sales, and contingency, are projected to be $3,628,000, or 37.0% of direct costs.

- Financing costs, consisting of loan fees, interest during construction, interest during sales, and homeowner association dues on unsold units, are estimated to be $1,041,000, or 10.6% of direct costs.

Gross Sales Proceeds

Table 4 presents an estimate of the gross sales proceeds for the townhomes. As presented in the table, sales proceeds for the residential units are projected to total $22,559,000, with an average unit price of $426,000. Estimates for buyer incentives and warranty reduce the total gross proceeds to $22,029,000.

Residual Value

The KMA methodology for estimated residual value is presented in Table 5. As shown, the estimated maximum warranted investment that could be supported by the Project is $18,284,000. This figure represents the estimated gross sales proceeds from the townhomes, less a cost of sale of 4.5% of value and an allowance for developer profit of 12.5% of value.

The residual value can be estimated as the difference between warranted investment ($18,284,000) and total development costs ($14,484,000). This difference is projected to yield a residual value of $3,800,000, or $33 per SF land.

On this basis, then, KMA concludes that the fair re-use value of the Property is $3,800,000, or $33 per SF land.

V. THE COMPENSATION WHICH THE DEVELOPER WILL BE REQUIRED TO PAY

The estimated value of the compensation to be received by the Agency for the Property is $4,010,000.

VI. EXPLANATION OF THE DIFFERENCE, IF ANY, BETWEEN THE COMPENSATION TO BE PAID TO THE AGENCY BY THE PROPOSED TRANSACTION AND THE FAIR MARKET VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE CONSISTENT WITH THE REDEVELOPMENT PLAN

The fair market value of the interest to be conveyed at its highest and best use is estimated by KMA to be $3,800,000.

The value of the compensation to be received by the Agency is $4,010,000.

The compensation to be paid to the Agency is greater than the fair market value of the interest to be conveyed at its highest and best use.

VII. EXPLANATION OF WHY THE SALE OF THE PROPERTY WILL ASSIST WITH THE ELIMINATION OF BLIGHT

The Redevelopment Plan (Plan) for the Garden Grove Community Project Area governs the Property. In accordance with Section 33490 of the California Community Redevelopment Law, the Plan contains the goals and objectives and the projects and expenditures proposed to eliminate blight within the Project Area. Implementation of the DDA can be expected to assist in the alleviation of blighting conditions through the following:

- Eliminate blighting influences including deteriorating buildings, uneconomic land uses, obsolete structures, and other environmental, economic and social deficiencies.
- Encourage private sector investment in development in the Project Area.
- Provide housing to satisfy the needs and desires of various age, income and ethnic groups of the community, maximizing the opportunity for individual choice.

VIII. LIMITING CONDITIONS

1. There are no known soil or subsoil problems, including toxic or hazardous conditions on the Property that need to be remediated in order to develop the Property.

2. The ultimate development will not vary significantly from that assumed in this Report.

3. The title of the property is good and marketable; no title search has been made, nor have we attempted to determine the ownership of the property. The value estimates are given without regard to any questions of title, boundaries, encumbrances, liens or encroachments. It is assumed that all assessments, if any are paid.

4. The Property will be in conformance with the applicable zoning and building ordinances.

5. Information provided by such local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others was considered in light of its source, and checked by secondary means.

6. If an unforeseen change occurs in the economy, the conclusions herein may no longer be valid.

7. The Project will adhere to the schedule of performance described in the DDA.

8. Both parties are well informed and well advised and each is acting prudently in what he/she considers his/her own best interest.

attachments

TABLE 1

PROJECT DESCRIPTION
CENTURY VILLAGE
CITY OF GARDEN GROVE

I. Location — Triangle bounded by Garden Grove and Century Boulevards and Taft Street

II. Site Area — 2.67 Acres — 116,305 SF

III. Gross Building Area

Net Residential Area	96,651 SF	100%
Common Areas	0 SF	0%
Total Gross Building Area	96,651 SF	100%

IV. Unit Mix

	Number of Units	Average Unit Size
Two Bedroom	6 Units	1,394 SF
Three Bedroom	14 Units	1,700 SF
Four Bedroom	32 Units	1,945 SF
Five Bedroom	1 Unit	2,247 SF
Total/Average	53 Units	1,824 SF

V. Number of Stories — 3 Stories

VI. Construction Type — Type V (Townhomes)

VII. Density — 19.9 Units/Acre

VIII. Parking

Surface Spaces	24 Spaces
Structured Spaces	106 Spaces (Private Garages)
Total Parking Spaces	130 Spaces
Parking Ratio	2.45 Spaces/Unit

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TABLE 2

RESIDENTIAL AND COMMERCIAL LAND SALES COMPARABLES IN CENTRAL ORANGE COUNTY (1)
CENTURY VILLAGE
CITY OF GARDEN GROVE

Sale Date	Address	City	Sale Price	Site Area Acres	Site Area $/SF	Land Improvements	Intended Use
01/19/10	9491 Edinger Ave.	Westminister	$1,200,000	0.52	$53	N/A	Commercial
11/04/09	320 W. 4th Street	Santa Ana	$150,000	0.09	$37	Previously developed	Retail, Office
09/10/09	1580 E. Warner Ave.	Santa Ana	$2,259,279	2.82	$18	Previously developed	Commercial
08/26/09	9051 Katella Ave.	Anaheim	$2,250,000	1.12	$46	Asphalt paved lot	Auto repair
05/13/09	208 E. Walnut St.	Santa Ana	$350,000	0.25	$32	Previously developed	Hold for development
02/13/09	1680 Lincoln Ave.	Anaheim	$1,185,000	0.48	$57	N/A	Retail
02/11/09	1225 W. Center St.	Anaheim	$550,000	0.69	$18	N/A	N/A
12/19/08	2629 E. Chapman Ave.	Orange	$3,500,000	2.20	$37	Previously developed	Medical
08/28/08	322 N. Harbor Blvd.	Santa Ana	$750,000	0.34	$50	N/A	N/A
06/13/08	Goldenwest St. @ Wyoming St.	Westminister	$1,550,000	1.59	$22	Previously developed	N/A
05/12/08	602 N. Harbor Blvd.	Santa Ana	$3,800,000	3.10	$28	Previously developed	Commercial, Single-family
04/03/08	901 E. 2nd St.	Santa Ana	$2,337,000	1.64	$33	N/A	N/A
01/08/08	1329 W. 1st St.	Santa Ana	$580,000	0.33	$41	Rough graded	Hold for development
		Minimum	$150,000	0.09	$18		
		Maximum	$3,800,000	3.10	$57		
		Median	$1,200,000	0.69	$37		
		Average	$1,573,945	1.17	$36		

(1) Reflects sales from January 2008 to present.

Source: CoStar Comps, Inc.
Prepared by: Keyser Marston Associates, Inc.
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TABLE 3

DEVELOPMENT COSTS
CENTURY VILLAGE
CITY OF GARDEN GROVE

	Totals	Per Unit	Comments	
I. Direct Costs				
Off-Site Costs (1)	$1,932,000	$36,500	$17	Per SF Site
Demolition	$50,000	$900	$0	Per SF Site
On-Site Costs	$582,000	$11,000	$5	Per SF Site
Parking	$0	$0		Included below
Shell Construction	$6,780,000	$127,900	$70	Per SF GBA
FF&E/Amenities	$0	$0		Allowance
Contingency	$471,000	$8,900	5.0%	of Directs
Total Direct Costs	$9,815,000	$185,200	$102	Per SF GBA
II. Indirect Costs				
Architecture/Engineering	$494,000	$9,300	5.0%	of Directs
Permits & Fees (1)	$799,000	$15,100	$8	Per SF GBA
Legal & Accounting	$100,000	$1,900	1.0%	of Directs
Taxes & Insurance	$661,000	$12,500	3.0%	of Value
Developer Fee	$395,000	$7,500	4.0%	of Directs
Marketing/Sales	$661,000	$12,500	3.0%	of Value
Model Complex	$344,000	$6,500	1.6%	of Value
Contingency	$174,000	$3,300	5.0%	of Indirects
Total Indirect Costs	$3,628,000	$68,500	37.0%	of Directs
III. Financing Costs				
Loan Fees	$174,000	$3,300	1.8%	of Directs
Interest During Construction	$678,000	$12,800	6.9%	of Directs
Interest During Sales	$151,000	$2,800	1.5%	of Directs
HOA Dues on Unsold Units	$38,000	$700	0.4%	of Directs
Total Financing Costs	$1,041,000	$19,600	10.6%	of Directs
IV. Total Costs Excluding Land	**$14,484,000**	**$273,300**	**$150**	**Per SF GBA**
Or Say (Rounded)	**$14,484,000**			

(1) Estimate; not verified by KMA or City.

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TABLE 4

RESIDENTIAL SALES PROCEEDS
CENTURY VILLAGE
CITY OF GARDEN GROVE

	Unit Size	# of Units	$/SF	Purchase Price	Total Sales
I. Residential Sales Proceeds					
Two Bedroom	1,394 SF	6	$270	$376,000	$2,256,000
Three Bedroom	1,700 SF	14	$245	$417,000	$5,838,000
Four Bedroom	1,945 SF	32	$225	$438,000	$14,016,000
Five Bedroom	2,247 SF	1	$200	$449,000	$449,000
Total/Average	1,824 SF	53	$234	$426,000	$22,559,000
(Less) Buyer Incentives/Warranty			$10,000 /Unit		($530,000)
Total/Average	1,824 SF	53	$228	$415,642	$22,029,000
Total Residential Sales Proceeds					**$22,029,000**

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TABLE 5

RESIDUAL LAND VALUE
CENTURY VILLAGE
CITY OF GARDEN GROVE

I. Gross Sales Proceeds		
Residential Sales Proceeds		$22,029,000
(Less) Cost of Sale	4.5% of Value	($991,000)
(Less) Developer Profit	12.5% of Value	($2,754,000)
Net Sales Proceeds		$18,284,000
II. Warranted Investment		
Net Sales Proceeds		$18,284,000
(Less) Development Costs		($14,484,000)
III. Residual Land Value		**$3,800,000**
Per Unit		**$72,000**
Per SF Site		**$33**

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