CITY OF CERRITOS
REDEVELOPMENT AGENCY
CIVIC CENTER • 18125 BLOOMFIELD AVENUE
P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130
PHONE: (562) 860-0311 • FAX: (562) 916-1371 • (562) 916-1372 • (562) 916-1373
WWW.CI.CERRITOS.CA.US

A REPORT PREPARED PURSUANT TO

CALIFORNIA HEALTH AND SAFETY CODE SECTIONS

33431, 33433, 33445, AND 33679 REGARDING:

A JOINT RESOLUTION OF THE CERRITOS CITY COUNCIL, CERRITOS REDEVELOPMENT AGENCY, AND CUESTA VILLAS HOUSING CORPORATION CERTIFYING THE MITIGATED NEGATIVE DECLARATION AND AUTHORIZING THE EXECUTION OF AN AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE CONSTRUCTION OF AN AFFORDABLE SENIOR HOUSING COMMUNITY FOR INDIVIDUALS AGE 55 OR OLDER, A SENIOR RECREATION CENTER, AND A ±4.04-ACRE PARK LOCATED AT 16700 NORWALK BOULEVARD IN CERRITOS (APN 7012-001-900), THE REMODEL OF AN EXISTING BUILDING LOCATED AT 12880 MOORE STREET IN CERRITOS (APN 7010-016-030) TO ACCOMMODATE A KITCHEN/ WAREHOUSE FACILITY FOR STUDENT LUNCH PREPARATION, AND THE REMODEL OF AN EXISTING BUILDING LOCATED AT 12881 166TH STREET IN CERRITOS (APN 7010-016-032) TO ACCOMMODATE ADMINISTRATIVE OFFICES, AND MAKING FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33431, 33433, 33445, AND 33679 REGARDING THE CONVEYANCE OF INTEREST IN AND/OR PURCHASE OF SAID PROPERTIES.

October 18, 2007

ATTACHMENT 18

LAURA LEE
CHAIRMAN

JIM EDWARDS
VICE CHAIRMAN

BRUCE W. BARROWS
AGENCY MEMBER

JOSEPH CHO, Ph.D.
AGENCY MEMBER

JOHN F. CRAWLEY
AGENCY MEMBER

OVERVIEW

This report has been prepared in connection with a proposed Affordable Housing, Financing, and Disposition and Development Agreement ("Agreement") by and between the City of Cerritos, Cerritos Redevelopment Agency, ABC Unified School District, and Cuesta Villas Housing Corporation (see Exhibit E, "Draft Agreement"). The development proposal called for in the Agreement entails the construction of a 247-unit affordable senior housing community for individuals age 55 or older, a ±13,000-square-foot senior recreation center, and a ±4.04-acre park located at 16700 Norwalk Boulevard in Cerritos (APN 7012-001-900). (See Exhibit A, "Aerial Photo.") The ±15.7-acre Norwalk Boulevard property is owned by the ABC Unified School District ("District"), and it currently contains the District's administrative office, warehouse, and kitchen facilities. Under the development proposal, the District, as lessor, would enter into a ground lease with the Cerritos Redevelopment Agency ("Agency"), as lessee, which would subsequently transfer its interest as lessee in the leasehold to Cuesta Villas Housing Corporation ("Corporation"), for 55+ years for the development and operation of the improvements on said property. The District's facilities would be relocated to an existing warehouse building and office building located on two adjacent properties at 12880 Moore Street (APN 7010-016-030) and 12881 166th Street (APN 7010-016-032) in Cerritos. (See Exhibit B, "Aerial Photo.") These properties, totaling ±4.6 acres, would be purchased and owned by the City of Cerritos ("City") and subsequently leased to the District, with an option for the District to purchase at a later date. The Moore Street and 166th Street properties would be renovated by the City to accommodate the District's functions. All of the components described above shall hereinafter be referred to as the "Project."

This report contains a summary of facts and findings of the proposed Project, and it satisfies the requirements of and/or otherwise demonstrates compliance with California Health and Safety Code Sections 33431, 33433, 33445, and 33679. This document has been organized to clearly demonstrate this satisfaction and/or compliance.

The following facts regarding the proposed Project trigger the statutory requirements for the information provided in this report:

- The Agency's transfer and assignment to the Corporation of its leasehold interest in the ground lease on the Norwalk Boulevard property constitutes a disposition of Agency interest in real property.
- The proposed improvements on the Norwalk Boulevard property (i.e., the affordable senior housing development, senior recreation center, and park) would be financed by the Agency's Low- and Moderate-Income Set-Aside Fund ("Low-Mod Fund").
- The Agency's Low-Mod Fund consists of a set-aside portion of the Agency's tax increment revenue.
- The buildings on the Moore Street and 166th Street properties, once acquired by the City and used by the District for its administrative functions, constitute publicly owned buildings and/or improvements.
- The City's purchase of the Moore Street and 166th Street properties would be financed by the Agency's Low-Mod Fund because such purchase is necessary for the production of affordable housing on the Norwalk Boulevard property.

PUBLIC REVIEW PERIOD

A joint public hearing of the Cerritos City Council, Cerritos Redevelopment Agency, and Cuesta Villas Housing Corporation regarding the above-referenced Project has been scheduled for November 8, 2007, at 7:00 p.m. A notice of this public hearing has been scheduled to be published as follows:

Long Beach Press-Telegram	**Los Cerritos Community News**
Thursday, October 18, 2007	Friday, October 19, 2007
Thursday, October 25, 2007	Friday, October 26, 2007
Thursday, November 1, 2007	Friday, November 2, 2007

The public hearing will take place in the Council Chambers of the Cerritos City Hall, Cerritos Civic Center, Bloomfield Avenue and 183rd Street, Cerritos, California, 90703. Any and all public comments related to the above-referenced project shall be filed with the Cerritos City Clerk, at the above address.

In addition, a copy of this report and its attachments has been made available for public inspection and copying no later than October 18, 2007, between the hours of 8:00 am and 5:00 pm, at the Office of the City Clerk.

H&S §33431: LEASE OR SALE WITHOUT PUBLIC BIDDING

California Health and Safety Code §33431 provides that any disposal of property or interest in property by a redevelopment agency "may be made without public bidding but only after a public hearing, notice of which shall be given by publication for not less than once a week for two weeks in a newspaper of general circulation published in the county in which the land lies." In the case of the proposed Project, the Cerritos Redevelopment Agency would assign its interest in the ground lease of the Norwalk Boulevard property to the Cuesta Villas Housing Corporation. As noted in the "Public Review Period" section above, notice of public hearing has been provided in accordance with this statute.

H&S §33433: FINDINGS AND DISCLOSURE OF DISPOSITION OF PROPERTY ACQUIRED WITH TAX INCREMENT FUNDS

California Health and Safety Code §33433 provides that "before any property of the agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold or leased for development pursuant to the redevelopment plan, the sale or lease shall first be approved by the legislative body by resolution after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community at least once per week for at least two successive weeks…prior to the hearing."

In the case of the proposed Project, the Cerritos Redevelopment Agency would assign its interest in the proposed ground lease of the Norwalk Boulevard property to the Cuesta Villas Housing Corporation. Under the terms of the proposed ground lease, the Corporation, upon the assignment, would be obligated for ground lease payments to the District. The Agency would act as guarantor of the Corporation's ground lease payments, and to that extent

using Low-Mod Fund monies (*i.e.*, tax increment revenue) to pay the ground lease rents via the Corporation.

As noted in the "Public Review Period" section above, notice of public hearing has been provided in accordance with this statute. The statute also requires that this report be made "available, for public inspection and copying…,…no later than the time of publication of the first notice of the hearing…." As noted in the "Public Review Period" section above, this report has been made available for public inspection in accordance with this statute.

As required by the statute, this summary report shall describe and specify all of the following with respect to entering into an agreement for the disposition of property:

- The cost of the agreement to the agency;
- The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the redevelopment plan;
- The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease; and
- An explanation of why the sale or lease of the property will assist in the elimination of blight.

These items are detailed below and make reference to the terms of the proposed Agreement, a copy of which is attached to this report. (See Exhibit E.)

Cost of the Agreement to the Agency

The benefits to the Agency and City of the proposed conveyance come primarily in the production of affordable housing as required by State law, while also improving the overall aesthetic environment of the Norwalk Boulevard property. Since the Agency would not receive income from the conveyance, there is no quantifiable benefit to the Agency.

Pursuant to the Agreement, the cost to the Agency of the ground lease conveyance by the Agency to the Corporation would be the value of the ground lease payments to the District paid and/or guaranteed by the Agency over the 55-year ground lease period. However, according to the Agreement, the Agency would guarantee the ground lease payments only as long as the Agency receives tax increment. Thus, the Agency's obligation as guarantor lasts only so long as the Agency receives tax increment. (The Agency's receipt of tax increment is expected to cease on May 6, 2026.) Agency staff estimates that the ground lease payments could begin as early as the end of 2011, the earliest date that the proposed apartment building could be expected to be leased up at seventy percent (70%) or more occupancy, which is the time at which the obligation to pay the ground lease rent commences. Therefore, the Agency's obligation as guarantor of the ground lease payments would be approximately 15 years.

The first-year ground lease payment is $3,070,000, and the payment for subsequent years is adjusted at a rate equal to one-half (1/2) of the percentage increase in the allowable maximum rent pursuant to State law. On average, the annual percentage increase in the allowable maximum rent has been 0.5%, based on a review of maximum rents published by the California Department of Community Development (HCD) from 2002 through 2007.

Thus, an annual ground lease payment adjustment of 0.25% is assumed. Exhibit C shows that the present value of the 55-year ground lease payments is $62,544,000. The present value of the first 15 years, *i.e.*, the period of Agency's obligation as guarantor of the ground lease payments, is $33,974,000.

Also pursuant to the Agreement, the Agency would finance the Corporation's clearance of the existing administrative offices and other structures on the Norwalk Boulevard property, and the subsequent construction of the proposed improvements (*i.e.*, the affordable senior housing community, senior recreation center, and park). The Agency's financing would be provided via a loan to the Corporation, in the amount of $46,000,000, forgivable after 55 years as long as the conditions of the Agreement are not breached. The total estimated cost of the improvements is $46,000,000, as shown in the table below.

Total Estimated Cost of Improvements on Norwalk Boulevard Site

PROJECT COMPONENT	ESTIMATED COST
Affordable Senior Apartments	$35,200,000
Senior Recreation Center	$4,000,000
Park	$3,500,000
Design Fees	$3,300,000
TOTAL	**$46,000,000**

The Agency would also be responsible for reimbursement of relocation costs, not to exceed $1,000,000, incurred by the District for relocation of its administrative offices.

Assuming that the Corporation does not breach the Agreement and that it meets all of its contractual obligations, the Agency would reasonably expect not to be repaid for its financing of the improvements. Given the Agency's guarantee of the Norwalk Boulevard ground lease payments and the Agency's financing of the improvements, the total cost to the Agency of the conveyance of its ground leasehold interest to the Corporation would be $80,974,000, as shown in the table below.

Total Cost to Agency of Conveyance

Ground Lease Payment Guarantee	$33,974,000
Improvements	$46,000,000
Relocation Costs	$1,000,000
TOTAL	**$80,974,000**

Estimated Value of Interest to Be Conveyed

The estimated value of the ground lease interest to be conveyed to the Corporation is $62,544,000, as described above. Since the Norwalk Boulevard property is not located in a redevelopment project area, the redevelopment plans of the Cerritos Redevelopment Agency do not address a "highest and best use" for the property. In addition, were it not for the proposed Project, there would be no ground leasehold interest to be conveyed.

Elimination of Blight Conditions

This Project has the express purpose of providing affordable housing, with 247 units designated for very low-, low-, and moderate-income persons. Furthermore, California Redevelopment Law allows the Low-Mod Fund to be spent on affordable housing developments located outside of a redevelopment project area, and in California Health and Safety Code §33071, "The Legislature…finds and declares that a fundamental purpose of redevelopment is to expand the supply of low-and moderate-income housing." In compliance with the requirements of AB 1290, on June 9, 2005, the City Council/Redevelopment Agency adopted a five-year Implementation Plan for the Los Cerritos and Los Coyotes Redevelopment Project Areas. The Implementation Plan includes a series of goals and policies regarding the provision of affordable housing in the community as a means to fulfill the obligation to eliminate blight. (Reference the Implementation Plan, pp. 27-29.) By furthering a fundamental purpose of redevelopment by providing affordable housing, and by following the Implementation Plan's goal of providing affordable housing, the elimination of blight conditions as required by §33433 is satisfied.

Note on Non-Applicability to Other Project Components

The above discussion focuses on the Agency's conveyance of its ground lease interest in the Norwalk Boulevard property to the Corporation. Another component of the Project, the City's purchase of the Moore Street and 166th Street properties for the lease and possible sale to the District, does not require review under §33433 of the California Health and Safety Code. This is because the Moore Street and 166th Street properties will be purchased and owned by the City of Cerritos. However, if §33433 were to apply to the Moore Street/166th Street component of the Project, then the estimates of the Moore Street/166th Street real property interest and the findings of its redevelopment benefits described elsewhere in this report would apply.

H&S §33445: PAYMENT FOR VALUE OF LAND AND FOR PUBLICLY OWNED BUILDINGS, FACILITIES, STRUCTURES OR OTHER IMPROVEMENTS

California Health and Safety Code §33445 provides that a redevelopment agency may "pay for…the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area," if the Agency determines all of the following:

1. That the improvement is of benefit to the project area or the immediate neighborhood in which the project is located;
2. That no other reasonable means of financing the improvement are available to the community; and
3. That the payment of funds for the cost of the improvement will assist in the elimination of one or more blighting conditions inside the project area <u>or</u> provide housing for low- or moderate-income persons, and is consistent with the adopted implementation plan.

A. NORWALK BOULEVARD PROPERTY

One component of the proposed Project is the Agency entering into the ground lease with the District for the Norwalk Boulevard property until such time as the Agency conveys its interest in the ground lease to the Corporation (as discussed above). Although the Agency will not have an obligation to pay ground lease rent, as this is the Corporation's obligation (subject to Agency's guaranty, discussed above), the Agency will be acquiring for a temporary period on interest in land that is owned by the District and, prior the construction of the affordable senior housing community, senior recreation center, and park, will have the District's existing publicly owned improvements. Although the Agency will not directly be paying for the value of the land, an analysis under § 33445 is included to the extent the Agency's tax increment (Low-Mod Fund) is used to acquire the ground lease interest in the Norwalk Boulevard property.

1. Benefit to Project Area

This Project has the express purpose of providing affordable housing, with 247 units designated for very low-, low-, and moderate-income persons. Furthermore, California Redevelopment Law allows the Low-Mod Fund to be spent on affordable housing developments located outside of a redevelopment project area, and in California Health and Safety Code §33071, "The Legislature…finds and declares that a fundamental purpose of redevelopment is to expand the supply of low-and moderate-income housing." In compliance with the requirements of AB 1290, on June 9, 2005, the City Council/Redevelopment Agency adopted a five-year Implementation Plan for the Los Cerritos and Los Coyotes Redevelopment Project Areas. The Implementation Plan includes a series of goals and policies regarding the provision of affordable housing in the community as a means to fulfill the obligation to eliminate blight. (Reference the Implementation Plan, pp. 27-29.) By furthering a fundamental purpose of redevelopment by providing affordable housing, and by following the Implementation Plan's goal of providing affordable housing, the acquisition of the ground lease at the Norwalk Boulevard property is of benefit to the project area and immediate neighborhood in which the Norwalk Boulevard property is located.

2. Unavailability of Other Funds

In the management of its fiscal affairs, the City has developed reserves, the interest on which the City uses to provide for the on-going needs of the City. Were it not for this interest income, the City would be unable to provide the services that the community requires. The City has reached the maximum potential use for this interest income, and therefore the City Council finds that no other funds are available to provide affordable housing other than those from the Cerritos Redevelopment Agency budget. Pursuant to §33334.2 of the California Health and Safety Code, at least twenty percent (20%) of the Agency's tax increment revenue must be used toward the provision of affordable housing. These funds are available for expenditure in connection with the proposed Project.

3. Housing for Low- and Moderate Income Persons

The Norwalk Boulevard property will be used as the site for 247 apartment units set aside for very low, low, and moderate income seniors age 55 or older.

B. MOORE STREET AND 166TH STREET PROPERTIES

Another component of the proposed Project is the purchase of two properties located at 12880 Moore Street and 12881 166th Street by the City of Cerritos. These publicly owned properties would be leased to the ABC Unified School District (a public entity) for a 30-year period. Since the properties would be purchased and improved by the City of Cerritos using the Cerritos Redevelopment Agency's tax increment (Low-Mod Fund), this component of the Project requires review under §33445. Facts supporting the determinations outlined above are discussed below.

1. Benefit to Project Area

The Moore Street and 166th Street properties are located within the Los Coyotes Redevelopment Project Area. These properties are substantially developed, and the City of Cerritos would make improvements to the existing buildings to accommodate the administrative office, kitchen, and warehouse functions of the ABC Unified School District. The improvements will elevate the quality of the under-utilized buildings and structures on the properties. Additionally, the fact that the relocation enables the production of affordable housing provides a great benefit to both the Los Coyotes and Los Cerritos Redevelopment Project Areas and to the community at large.

This benefit is measured both in the fulfillment of a community need for housing affordable to very low- to moderate-income senior persons as well as in the Cerritos Redevelopment Agency's satisfaction of its statutory obligation to provide for affordable housing. In the 2000 Census, it was found that 40.3% of Cerritos households contain ahead-of-household who is at least 55 years of age, *i.e.*, a senior. Households with a householder at least 45 years of age comprise 29.8% of Cerritos households; in the 2010 Census, these householders will be 10 years older and will thus be seniors, therefore likely making senior households the majority in Cerritos. According to The Brookings Institution, an independent think tank, the 55-to-64 age category is expected to increase by 50% from 2000 to 2010 nationally. Members of this generation are approaching retirement age and are seeking alternative forms of housing that can be accommodated by a fixed income. This generation also represents a longer life expectancy, due in part to improvements in health care. In light of the community's demographic shifts and the current housing market conditions, it is evident that affordable senior apartments in Cerritos would help to satisfy a growing need.

2. Unavailability of Other Funds

In the management of its fiscal affairs, the City has developed reserves, the interest on which the City uses to provide for the on-going needs of the City. Were it not for this interest income, the City would be unable to provide the services that the community requires. The City has reached the maximum potential use for this interest income, and therefore the City Council finds that no other funds are available to provide affordable housing other than those from the Cerritos Redevelopment Agency budget. Pursuant to §33334.2 of the California Health and Safety Code, at least twenty percent (20%) of the Agency's tax increment revenue must be used toward the provision of affordable housing. These funds are available for expenditure in connection with the proposed Project.

3. Housing for Low- or Moderate-Income Persons

The purchase of the Moore Street and 166th Street properties for the relocation of the ABC Unified School District will enable the use of the District's Norwalk Boulevard property for the construction of a 247-unit affordable housing development. The 247 apartment units will be set-aside for very low, low, and moderate income seniors age 55 or older.

In compliance with the requirements of AB 1290, on June 9, 2005, the City Council/Redevelopment Agency adopted a five-year Implementation Plan for the Los Cerritos and Los Coyotes Redevelopment Project Areas. The Implementation Plan includes a series of goals and policies regarding the provision of affordable housing in the community as a means to fulfill the obligation to eliminate blight. (Reference the Implementation Plan, pp. 27-29.) Thus, the proposed Project is consistent with the stated objectives of providing housing affordable to very low-, low-, and moderate-income persons.

H&S §33679: PUBLIC HEARING REQUIREMENT

California Health and Safety Code §33679 requires that before a redevelopment agency commits tax increment to pay "all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building…the legislative body shall hold a public hearing" and a summary report shall be made available containing the following:

A. Estimates of the amount of taxes to be used;
B. The facts supporting the determinations required to be made by the legislative body pursuant to §33445; and
C. The redevelopment purpose for which such taxes are being used.

The statute also requires that the summary shall be made available to the public for inspection and copying no later than the time of the first publication of the notice of public hearing. This report shall constitute the summary report required pursuant to §33679. Notice of the public hearing and the availability of this report will be made in accordance with the "Public Review Period" report section above.

The topic of this report section corresponds with the topic of the above report section pursuant to §33445: the purchase and improvement by the City of Cerritos of the Moore Street and 166th Street properties using the Cerritos Redevelopment Agency's tax increment (Low-Mod Fund) for the relocated offices, kitchen, and warehouse of the ABC Unified School District.

A. Amount of Taxes to Be Used

Approximately $18,500,000 total from the Agency's Low-Mod Fund will be allocated toward this component of the Project. The following table provides a breakdown of this amount.

Total Estimated Cost of Land Acquisition and Improvements on Moore Street and 166th Street Properties

PROJECT COMPONENT	ESTIMATED COST
Purchase of Properties	$14,500,000
Improvements to accommodate District functions	$4,000,000
TOTAL	**$18,500,000**

Under the proposed lease and purchase option agreement between the City and District in connection with the acquisition of the Moore Street and 166th Street properties, revenue would ultimately be generated in the form of lease rent payments and/or the sale of the property. However, under the terms of the Agreement, these proceeds would be transferred to the Corporation for use in its operation of the improvements on the Norwalk Boulevard property. Thus, the monies used from the Agency's Low-Mod Fund would not be offset by revenue generated from the property.

B. Facts Supporting §33445 Determinations

These facts are provided in the report section above entitled, "H&S §33445: Payment for Publicly Owned Buildings, Facilities, Structures or Other Improvements."

C. Redevelopment Purpose

As described throughout this report, the proposed Project entails the development of a 247-unit affordable senior housing community. The Project provides housing for very low-, low-, and moderate-income persons. As such, the proposed Project clearly fulfills the redevelopment purpose outlined in California Redevelopment Law of providing affordable housing.

The Project component described in this report section, the relocation of the District to the Moore Street and 166th Street properties, enables the provision of affordable housing by making land available for the proposed affordable housing development.

CODE REFERENCES

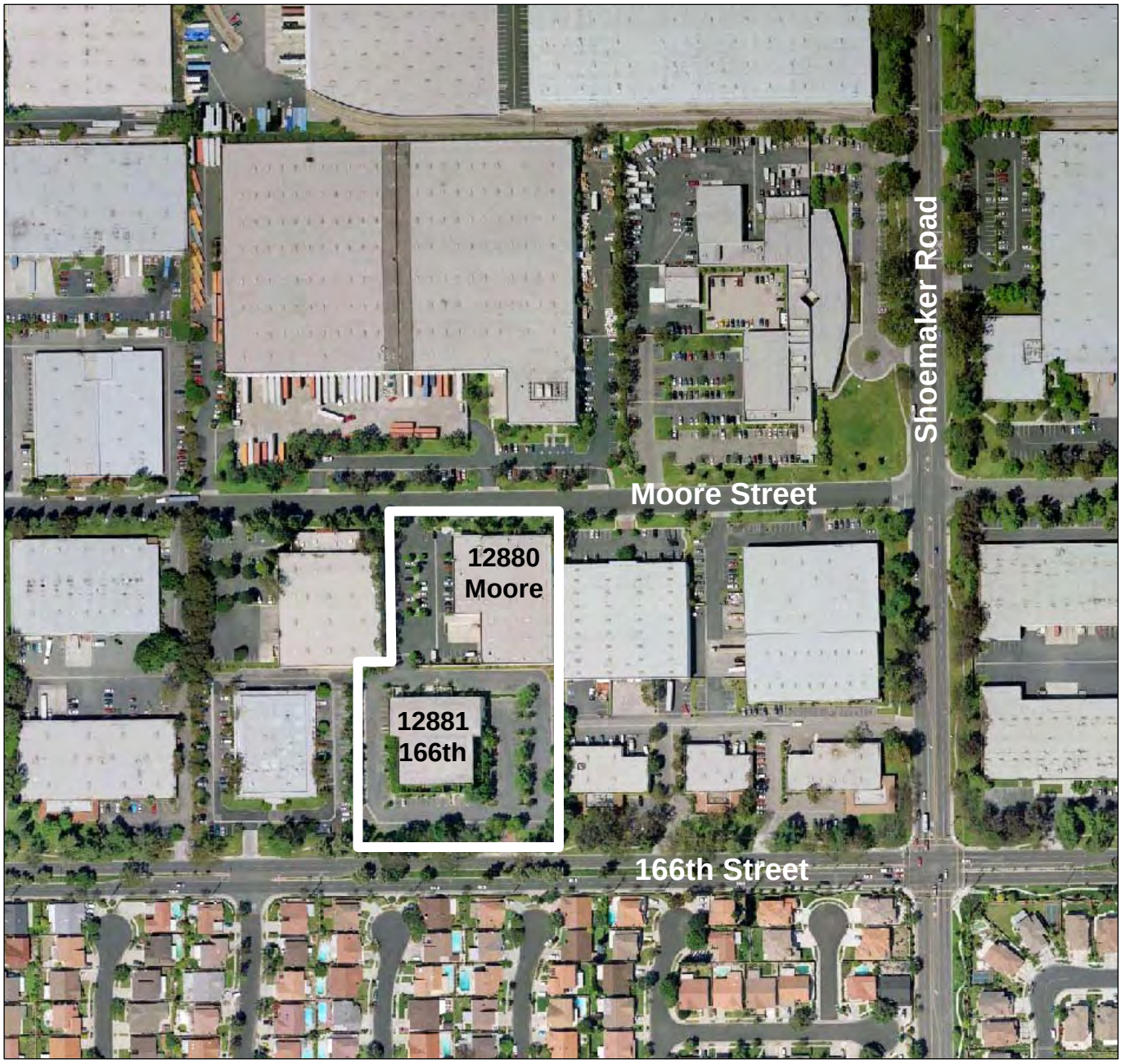
For reference, attached to this report is a copy of California Health and Safety Code Sections 33431, 33433, 33445, and 33679.

Exhibits
A. Aerial Photo: 16700 Norwalk Boulevard
B. Aerial Photo: 12880 Moore Street and 12881 Norwalk Boulevard
C. Calculation: Present Value of 55-Year Ground Lease Payments
D. California Health and Safety Code Sections 33431, 33433, 33445, and 33679
E. Draft Agreement: "Affordable Housing, Financing, and Disposition and Development Agreement"

Aerial Photo

Subject Property: 16700 Norwalk Boulevard

EXHIBIT A



Aerial Photo

Subject Properties: 12880 Moore Street
12881 166th Street

EXHIBIT B

Present Value of 55-Year Ground Lease Payments
Norwalk Boulevard Property

Assumptions:
- Annual ground lease payment adjustment of 0.25%
- Discount rate of 5.0%

Year	Ground Lease Payment	Present Value	Cumulative Present Value	Year	Ground Lease Payment	Present Value	Cumulative Present Value
1	$3,070,000	$3,070,000	$3,070,000	31	$3,308,795	$765,580	$51,705,381
2	$3,077,675	$2,931,119	$6,001,119	32	$3,317,067	$730,947	$52,436,328
3	$3,085,369	$2,798,521	$8,799,640	33	$3,325,359	$697,880	$53,134,208
4	$3,093,083	$2,671,921	$11,471,561	34	$3,333,673	$666,310	$53,800,518
5	$3,100,815	$2,551,048	$14,022,609	35	$3,342,007	$636,167	$54,436,685
6	$3,108,567	$2,435,644	$16,458,253	36	$3,350,362	$607,388	$55,044,073
7	$3,116,339	$2,325,460	$18,783,713	37	$3,358,738	$579,911	$55,623,984
8	$3,124,130	$2,220,261	$21,003,974	38	$3,367,135	$553,677	$56,177,661
9	$3,131,940	$2,119,820	$23,123,794	39	$3,375,552	$528,630	$56,706,290
10	$3,139,770	$2,023,924	$25,147,718	40	$3,383,991	$504,715	$57,211,006
11	$3,147,619	$1,932,365	$27,080,083	41	$3,392,451	$481,883	$57,692,889
12	$3,155,488	$1,844,949	$28,925,031	42	$3,400,932	$460,084	$58,152,973
13	$3,163,377	$1,761,487	$30,686,518	43	$3,409,435	$439,270	$58,592,243
14	$3,171,285	$1,681,800	$32,368,318	44	$3,417,958	$419,399	$59,011,641
15	$3,179,214	$1,605,719	$33,974,037	45	$3,426,503	$400,426	$59,412,067
16	$3,187,162	$1,533,079	$35,507,117	46	$3,435,070	$382,311	$59,794,378
17	$3,195,130	$1,463,726	$36,970,842	47	$3,443,657	$365,016	$60,159,395
18	$3,203,117	$1,397,510	$38,368,352	48	$3,452,266	$348,504	$60,507,898
19	$3,211,125	$1,334,289	$39,702,641	49	$3,460,897	$332,738	$60,840,636
20	$3,219,153	$1,273,928	$40,976,569	50	$3,469,549	$317,686	$61,158,322
21	$3,227,201	$1,216,298	$42,192,867	51	$3,478,223	$303,314	$61,461,636
22	$3,235,269	$1,161,275	$43,354,142	52	$3,486,919	$289,593	$61,751,228
23	$3,243,357	$1,108,741	$44,462,883	53	$3,495,636	$276,492	$62,027,720
24	$3,251,465	$1,058,584	$45,521,467	54	$3,504,375	$263,984	$62,291,704
25	$3,259,594	$1,010,696	$46,532,163	55	$3,513,136	$252,042	$62,543,746
26	$3,267,743	$964,974	$47,497,136				
27	$3,275,912	$921,320	$48,418,456				
28	$3,284,102	$879,641	$49,298,097				
29	$3,292,313	$839,848	$50,137,945				
30	$3,300,543	$801,855	$50,939,800				

15-YEAR PRESENT VALUE	**$33,974,037**	**TOTAL PRESENT VALUE**	**$62,543,746**
ROUNDED	**$33,974,000**	**ROUNDED**	**$62,544,000**
		Total "Face Value"	*$180,767,545*
		Rounded	*$180,768,000*

EXHIBIT C

CODE SECTION EXCERPTS

Section: **California Health and Safety Code §33431**
Topic: **Lease or Sale without Public Bidding**

33431. Any lease or sale made pursuant to Section 33430 may be made without public bidding but only after a public hearing, notice of which shall be given by publication for not less than once a week for two weeks in a newspaper of general circulation published in the county in which the land lies.

Section: **California Health and Safety Code §33433**
Topic: **Findings and Disclosure of Disposition of Property Acquired with Tax Increment Funds**

33433. (a) (1) Except as provided in subdivision (c), before any property of the agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold or leased for development pursuant to the redevelopment plan, the sale or lease shall first be approved by the legislative body by resolution after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community at least once per week for at least two successive weeks, as specified in Section 6066 of the Government Code, prior to the hearing.

(2) The agency shall make available, for public inspection and copying at a cost not to exceed the cost of duplication, a report no later than the time of publication of the first notice of the hearing mandated by this section. This report shall contain both of the following:

(A) A copy of the proposed sale or lease.

(B) A summary which describes and specifies all of the following:

(i) The cost of the agreement to the agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreements.

(ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation of the reasons for the difference.

(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

(v) The report shall be made available to the public no later than the time of publication of the first notice of the hearing mandated by this section.

(b) The resolution approving the lease or sale shall be adopted by

a majority vote unless the legislative body has provided by ordinance for a two-thirds vote for that purpose and shall contain a finding that the sale or lease of the property will assist in the elimination of blight or provide housing for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490. The resolution shall also contain one of the following findings:

(1) The consideration is not less than the fair market value at its highest and best use in accordance with the plan.

(2) The consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease.

(c) (1) Subdivisions (a) and (b) shall not apply to the sale or lease of a small housing project, as defined in Section 33013, if the legislative body adopts a resolution that authorizes the agency to sell or lease a small housing project pursuant to this subdivision. The agency may sell or lease a small housing project pursuant to this subdivision if, prior to the sale or lease, the agency holds a public hearing pursuant to Section 33431. Any agency that has sold or leased a small housing project pursuant to this subdivision shall, within 30 days after the end of the agency's fiscal year in which the sale or lease occurred, file a report with the legislative body which discloses the name of the buyer, the legal description or street address of the property, the date of the sale or lease, the consideration for which the property was sold or leased by the agency to the buyer or lessee, and the date on which the agency held its public hearing for the sale or lease, pursuant to Section 33431.

(2) As used in this subdivision and Section 33413, "persons and families of low- and moderate-income" has the same meaning as that term is defined in Section 50093.

Section: California Health and Safety Code §33445
Topic: Payment for Value of Land and for Publicly Owned Buildings, Facilities, Structures or Other Improvements

33445. (a) Notwithstanding Section 33440, an agency may, with the consent of the legislative body, pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned either within or without the project area, if the legislative body determines all of the following:

(1) That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the agency.

(2) That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.

(3) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside

the project area or provide housing for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490.

(b) The determinations by the agency and the local legislative body pursuant to subdivision (a) shall be final and conclusive. For redevelopment plans, and amendments to those plans which add territory to a project, adopted after October 1, 1976, acquisition of property and installation or construction of each facility shall be provided for in the redevelopment plan. A redevelopment agency shall not pay for the normal maintenance or operations of buildings, facilities, structures, or other improvements that are publicly owned. Normal maintenance or operations do not include the construction, expansion, addition to, or reconstruction of, buildings, facilities, structures, or other improvements that are publicly owned otherwise undertaken pursuant to this section.

(c) When the value of the land or the cost of the installation and construction of the building, facility, structure, or other improvement, or both, has been, or will be, paid or provided for initially by the community or other public corporation, the agency may enter into a contract with the community or other public corporation under which it agrees to reimburse the community or other public corporation for all or part of the value of the land or all or part of the cost of the building, facility, structure, or other improvement, or both, by periodic payments over a period of years.

(d) The obligation of the agency under the contract shall constitute an indebtedness of the agency for the purpose of carrying out the redevelopment project for the project area, which indebtedness may be made payable out of taxes levied in the project area and allocated to the agency under subdivision (b) of Section 33670 or out of any other available funds.

(e) In a case where the land has been or will be acquired by, or the cost of the installation and construction of the building, facility, structure, or other improvement has been paid by, a parking authority, joint powers entity, or other public corporation to provide a building, facility, structure, or other improvement that has been or will be leased to the community, the contract may be made with, and the reimbursement may be made payable to, the community.

(f) With respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4,000,000 persons or more, the agency shall, in order to exercise the powers granted by this section, enter into an agreement with the rapid transit district that includes the county, or a portion thereof, in which agreement the rapid transit district shall be given all of the following responsibilities:

(1) To participate with the other parties to the agreement to design, determine the location and extent of the necessary rights-of-way for, and construct, the transportation, collection, and distribution systems and related peripheral parking structures and facilities.

(2) To operate and maintain the transportation, collection, and distribution systems and related peripheral parking structures and facilities in accordance with the rapid transit district's outstanding agreements and the agreement required by this paragraph.

(g) (1) Notwithstanding any other authority granted in this section, an agency shall not pay for, either directly or indirectly, with tax increment funds the construction, including land

acquisition, related site clearance, and design costs, or rehabilitation of a building that is, or that will be used as, a city hall or county administration building.

(2) This subdivision shall not preclude an agency from making payments to construct, rehabilitate, or replace a city hall if an agency does any of the following:

(A) Allocates tax increment funds for this purpose during the 1988-89 fiscal year and each fiscal year thereafter in order to comply with federal and state seismic safety and accessibility standards.

(B) Uses tax increment funds for the purpose of rehabilitating or replacing a city hall that was seriously damaged during an earthquake that was declared by the President of the United States to be a natural disaster.

(C) Uses the proceeds of bonds, notes, certificates of participation, or other indebtedness that was issued prior to January 1, 1994, for the purpose of constructing or rehabilitating a city hall, as evidenced by documents approved at the time of the issuance of the indebtedness.

Section: California Health and Safety Code §33679
Topic: Public Hearing Requirement

33679. Before an agency commits to use the portion of taxes to be allocated and paid to an agency pursuant to subdivision (b) of Section 33670 for the purpose of paying all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building, other than parking facilities, the legislative body shall hold a public hearing.

Notice of the time and place of the public hearing shall be published in a newspaper of general circulation in the community for at least two successive weeks prior to the public hearing. There shall be available for public inspection and copying, at a cost not to exceed the cost of duplication, a summary which includes all of the following:

(a) Estimates of the amount of such taxes proposed to be used to pay for such land and construction of any publicly owned building, including interest payments.

(b) Sets forth the facts supporting the determinations required to be made by the legislative body pursuant to Section 33445.

(c) Sets forth the redevelopment purpose for which such taxes are being used to pay for the land and construction of such publicly owned building.

The summary shall be made available to the public for inspection and copying no later than the time of the first publication of the notice of the public hearing.

AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

The following agreement under consideration by the Cerritos City Council/ Redevelopment Agency and the Cuesta Villas Housing Corporation has been available for public review and copying from October 18, 2007, and will continue to be available for public review and copying through the public hearing on November 8, 2007, at the Office of the City Clerk, located at Cerritos City Hall, Cerritos Civic Center, Bloomfield Avenue and 183rd Street, Cerritos, California 90703. The Agreement is subject to further revision at the public hearing.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

CITY OF CERRITOS,
a California municipal corporation,

and

CERRITOS REDEVELOPMENT AGENCY,
a public body, corporate and politic,

and

ABC UNIFIED SCHOOL DISTRICT,
a California public school district

and

CUESTA VILLAS HOUSING CORPORATION,
a California nonprofit public benefit corporation

TABLE OF CONTENTS

Page

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS. 3
1.1 Specific Definitions 3
1.2 References and Other Terms 15
1.3 Exhibits and Attachments Incorporated Herein 15
1.4 Term Of Agreement 15

ARTICLE 2. VALIDATION ACTION, PRELIMINARY ENTITLEMENTS AND SUBDIVISION FOR THE CUESTA VILLAS PROJECT, IRS CERTIFICATION. 15
2.1 Validation Action 15
2.2 Applications for Preliminary Entitlements 16
2.3 General Need to Obtain Certain Preliminary Entitlements 16
2.4 Public Referral Projects/Precise Plans 16
2.5 Area Development Plan 16
2.6 General Plan Amendment 16
2.7 Zone Change 17
2.8 Subdivision of the Norwalk Boulevard Property 17
2.9 Preliminary Entitlements Defined 17
2.10 Opening of Escrow Contingent upon Approvals for Preliminary Entitlements 18
2.11 Reservation of Discretion 18
2.12 Failure to Obtain Any Preliminary Entitlements 18
2.13 IRS Certification Application 18

ARTICLE 3. ACQUISITION OF PROPERTY INTERESTS IN GROUND LEASE PARCELS AND 166th/MOORE STREETS PROPERTIES. 19
3.1 Lease of Ground Lease Parcels by District to Agency. 19
3.2 Deposit for Ground Lease 21
3.3 Lease and Option to Purchase 166th/Moore Streets Properties by City to District 21
3.4 Transfer of Fee Title to 166th/Moore Streets Properties; Exercise of Option 21
3.5 Environmental Condition of Properties; Due Diligence 22
3.7 Relocation of Existing Tenants 24
3.8 Preliminary Title Reports 25
3.9 Service of Ground Lease Transfer Through Escrow 25
3.10 Conditions Precedent to Closing 26
3.11 Failure to Satisfy or Waive Conditions Precedent to Closing 28
3.12 Status Updates; Written Confirmation of Date for Closing 29
3.13 Execution by Agency and Delivery to District of Documents 29
3.14 Delivery of Documents to Close Ground Lease Escrow 30
3.15 Recording of Documents and Procedure for Closing Escrow 30
3.16 Costs of Escrow; Document Transfer and Other Fees 32

Page

3.17 Real Property Taxes 32
3.18 Representations and Warranties of the Parties 32
3.19 Rights and Remedies for Failure to close Escrow 36
3.20 Payment of Broker Fees 36
3.21 Termination Contingencies 36
3.22 Notice of Termination Contingency; Party Obligations 37
3.23 Condition of Title for Ground Lease Parcels 37
3.24 Possession 38

ARTICLE 4. PUBLIC IMPROVEMENTS ON 166th/MOORE STREETS PROPERTIES. 38
4.2 Performance of Work for Public Improvements 38
4.3 Payment of Costs for Public Improvements 41
4.4 Source of Funds 42
4.5 Compliance with Laws 42
4.6 Permits and Entitlements 43
4.7 Consistency with Approved Plans 43
4.8 Schedule of Performance 43
4.9 Insurance 43
4.10 Date of Completion of Public Improvements 44
4.11 Authorized Use of Public Improvements; Restrictive Covenants 44
4.12 Nondiscrimination 44
4.13 Nondiscrimination Covenants in Real Property Documents 45

ARTICLE 5. RELOCATION OF DISTRICT ADMINISTRATIVE OFFICES AND FACILITIES. 47
5.1 Relocation Payments by Agency 47
5.2 Conditions Precedent to Relocation Payments 47
5.3 District Responsible for Relocation 47
5.4 Documentation in Support of Relocation Expenses 49
5.5 Procedure for Payment of Relocation Expenses Incurred by District 49
5.6 Release of Claims for Relocation Assistance 50
5.7 Completion of Relocation 52

ARTICLE 6. DEVELOPMENT OF THE CUESTA VILLAS PROJECT. 52
6.1 Assignment of Ground Lease Parcels to Corporation 52
6.2 Scope of Development 52
6.5 Contractors and Subcontractors of Corporation 53
6.6 Costs of Development 53
6.7 Cuesta Villas Project Loan 53
6.8 Cuesta Villas Project Supplemental Loan Disbursements 54
6.9 Recording of Instruments 55
6.10 Conditions Precedent to Development of Cuesta Villas Project 55
6.11 Source of Funds 56
6.12 Non-Agency Financing for Construction 57
6.13 Schedule of Performance; Completion of Construction 57

Page

6.14 Right of Entry 57
6.15 Compliance with Anti-Discrimination Laws 57
6.16 Insurance Requirements 58
6.18 Use and Occupancy Permits 59
6.19 Ownership of Improvements on Ground Lease Parcels 59
6.20 Subsequent Alterations 59

ARTICLE 7. USE OF GROUND LEASE PARCELS AND CUESTA VILLAS PROJECT 59
7.2 Nondiscrimination by Corporation 59
7.3 Nondiscrimination by District 60
7.4 Nondiscrimination Covenants in Real Property Documents. All such deeds, leases or contracts pertaining to any one of the Ground Lease Parcels, the 166th Street Property, and the Moore Street Property shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses: 60

ARTICLE 8. FINANCING FOR OPERATION AND MAINTENANCE OF CUESTA VILLAS PROJECT. 62
8.1 Trust Fund for Operation and Maintenance 62
8.2 Disbursement of Proceeds Received by Corporation 63
8.3 Service Contracts Between Corporation and City 64
8.4 No Payments to District from Property Taxes 64
8.5 Party Funding Obligations 65

ARTICLE 9. TRANSFERS AND ASSIGNMENTS. 65
9.1 Transfer and Assignment by District 65
9.2 Transfer and Assignment by Agency 66
9.3 Transfer and Assignment by Corporation 66

ARTICLE 10. DEFAULTS AND REMEDIES; INDEMNITY; TERMINATION CONDITIONS. 68
10.1 Default 68
10.2 Notice of Failure to Perform Obligations 68
10.4 Rights and Remedies Are Cumulative 69
10.5 Inaction Not a Waiver of Default 69
10.6 Litigation/Arbitration Expenses 69
10.7 Indemnity 69

ARTICLE 11. GENERAL PROVISIONS. 70
11.1 Notices, Demands, and Communications Between the Parties 70
11.2 Nonliability of Officials and Employees 72
11.3 Force Majeure; Extension of Times of Performance 72
11.4 Inspection of Books and Records 72
11.5 Interpretation 72
11.6 Entire Agreement, Waivers and Amendments 72

Page

11.7 Severability 73
11.8 Third Party Beneficiaries 73
11.9 Time of the Essence 73
11.13 Effect and Duration of Covenants 74
11.14 Relationship of Parties 74
11.15 Estoppels 74
11.16 Execution in Counterparts 74
11.17 Exhibits 74

AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement" or "AH/F/DDA") is entered into as of this ___ day of _____, 2007, by and between the CITY OF CERRITOS, a California municipal corporation ("City"), the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation ("Corporation").

R E C I T A L S

A. City is a municipal corporation duly organized and existing under the laws of the State of California. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.). City has entered into a letter of intent with the owner in fee of two parcels of real property, the first parcel is located at 12881 One Hundred Sixty-Sixth Street in the City of Cerritos, County of Los Angeles, State of California, more particularly described in Exhibit "A-1" attached hereto and incorporated by reference (the "166th Street Property"), and the second parcel is located at 12880 Moore Street in the City of Cerritos, County of Los Angeles, State of California, more particularly described in Exhibit "A-2" attached hereto and incorporated by reference (the "Moore Street Property"). Agency and City also will enter into a separate agreement that provides funding from Agency to City so that the 166th Street Property and Moore Street Property may be acquired to further the purposes of this Agreement. The 166th Street Property is currently improved with an office building comprised of approximately 44,500 square feet of office space, parking, and related commercial office improvements and amenities. The Moore Street Property is currently improved with a warehouse comprised of approximately 35,500 square feet of storage space, parking, and related warehouse improvements and amenities. The 166th Street Property and Moore Street Property are collectively referred to herein as the "166th/Moore Streets Properties." The purchase and sale of the fee title to the 166th/Moore Streets Properties from the owner to City is subject to a separate agreement, and certain obligations of the Parties to this Agreement are contingent upon the transfer of fee title to the 166th/Moore Streets Properties from the owner to City, as more specifically provided herein.

B. District is a California public school district, duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California. District is the owner in fee of certain real property comprised of approximately 15.70 acres located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California, more particularly described in Exhibit "B-1" attached hereto and incorporated herein by reference (the "Norwalk Boulevard Property"). The Norwalk Boulevard Property is currently improved as the site for the District's administrative offices and has an antiquated warehouse and central kitchen facility. The District has declared the Norwalk Boulevard Property as surplus property pursuant to District Resolution No. 06-31 and determined that the best use is for a long-term lease to generate sufficient income to cover the cost of alternative District facilities and provide substantial revenue to support ongoing facility needs.

C. Corporation is a California nonprofit public benefit corporation organized and existing pursuant to the California Non-Profit Public Benefit Corporation Law (Corporations Code Section 5110 et seq.). Corporation's mission and purpose is to develop, own, and manage or cause to be managed the senior affordable housing development, senior center, park, and related facilities as more particularly discussed in this Agreement.

D. Agency desires to enter into a long-term ground lease with District, which will then be assigned to Corporation, so that Corporation can develop, own, and manage or cause to be managed the senior affordable housing development, senior center, park, and related facilities. Agency desires to meet its obligations under the Community Redevelopment Law to increase the supply of affordable housing within the City by financing Corporation's development, ownership, and management of the senior affordable housing development, senior center, park, and related facilities, as more particularly described in this Agreement.

E. Because the senior affordable housing development, senior center, park, and appurtenant improvements will be located where the current administrative offices for the District are located, the District's administrative offices will need to be relocated. In order to accommodate the necessary relocation of the District's administrative offices and kitchen/warehouse facility, City (after completion of the anticipated acquisition of the 166th/Moore Streets Properties by City) will lease and provide District with the option to purchase the 166th/Moore Streets Properties, and Agency will pay for public improvements to the office building on the 166th Street Property and public improvements to the warehouse on the Moore Street Property, in accordance with the terms and conditions of this Agreement.

F. The Parties desire to have certainty at the earliest possible time that the transactions and obligations as provided for in this Agreement are legally valid pursuant to a validation action. In furtherance thereof, the Parties' respective obligations will be conditioned upon, among other events specified herein, a final ruling by a court of competent jurisdiction that the transactions and obligations as provided herein are legally valid. Furthermore, the Parties understand and agree that performance of certain obligations set forth herein are contingent upon the Corporation obtaining certification from the United States Internal Revenue Service and State of California that Corporation is exempt from income taxation and Corporation and District will be exempt from ad valorem property taxation.

G. The acquisition of property for the development and operation of the senior affordable residential complex, senior center, park, and related facilities thereto, the relocation of the District's administrative offices, the construction of the Public Improvements, all as provided for in this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interest of the City of Cerritos and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

A G R E E M E N T

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

1.1 Specific Definitions. The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

"166th Street Property" shall mean that certain real property described in Recital A.

"166th Street Property Leased Premises" shall have the meaning set forth in the 166th Street Property Lease and Option Agreement.

"166th Street Property Lease and Option Agreement" shall mean the agreement, in the form attached hereto as Exhibit "J-1", which sets forth the terms and conditions for District's lease of the 166th Street Property Leased Premises and option to purchase the 166th Street Property.

"166th Street Property Purchase Price" shall mean that portion of the 166th/Moore Streets Properties Purchase Price for the 166th Street Property to be determined according to the 166th/Moore Streets Properties Lease and Option Agreements.

"166th Street Property Purchase and Sale Agreement" shall mean the purchase and sale agreement for the 166th Street Property in a form that substantially complies with the Attachment to the 166th Street Property Lease and Option Agreement.

"166th Street Property Rent" shall mean the rent District shall pay to City during the 166th/Moore Streets Properties Lease Term as provided in the 166th Street Property Lease and Option Agreement.

"166th/Moore Streets Properties" shall mean the 166th Street Property and Moore Street Property.

"166th/Moore Streets Properties Lease and Option Agreements" shall mean collectively the 166th Street Property Lease and Option Agreement and Moore Street Property Lease and Option Agreement.

"166th/Moore Streets Properties Lease Term" shall mean the term of the lease for the 166th Street Property Leased Premises and Moore Street Property Leased Premises as provided in the 166th/Moore Streets Properties Lease and Option Agreements.

"166th/Moore Streets Properties Purchase and Sale Agreements" shall mean collectively the 166th Street Property Purchase and Sale Agreement and the Moore Street Property Purchase and Sale Agreement.

"166th/Moore Streets Properties Escrow" shall mean the escrow that services the purchase and sale of the 166th/Moore Streets Properties pursuant to the provisions set forth in the 166th/Moore Streets Properties Purchase and Sale Agreements.

"166th/Moore Streets Properties Escrow Closing Date" shall mean the date on which the 166th/Moore Streets Properties Escrow closes pursuant to the 166th/Moore Streets Properties

Purchase and Sale Agreements if District exercises the options to purchase pursuant to the 166th/Moore Streets Properties Lease and Option Agreements.

"166th/Moore Streets Properties Purchase Price" shall mean the purchase price for the 166th/Moore Streets Properties and Improvements thereon in the amount to be determined according to the 166th/Moore Streets Properties Lease and Option Agreements.

"166th/Moore Streets Properties Rent" shall mean the rent District shall pay to City during the 166th/Moore Streets Properties Lease Term as provided in the 166th/Moore Streets Properties Lease and Option Agreements.

"Affordable Rent" shall have the same meaning as set forth in the Regulatory Agreement.

"Affordability Term" shall have the same meaning as set forth in the Regulatory Agreement.

"Agency" shall mean the Cerritos Redevelopment Agency, a public body, corporate and politic, having its offices at 18125 South Bloomfield Avenue, Cerritos, California.

"Agency Ground Lease Conditions Precedent to Closing" shall mean the Ground Lease Conditions Precedent to Closing for the benefit of Agency as provided in Article 3 of this Agreement.

"Agency Initial Trust Fund Deposit" shall mean the initial deposit made by Agency into the Cuesta Villas Project Trust Fund in the amount of and for the purposes specified in Article 8 of this Agreement.

"Agency Permitted Title Exceptions" shall mean the exceptions to title for the Ground Lease Parcels approved by Agency pursuant to Article 3 of this Agreement.

"Agreement" and "AH/F/DDA" shall mean this Affordable Housing, Financing, and Disposition and Development Agreement between Agency, District, and Corporation, including all exhibits and other documents attached hereto, as may be amended from time to time.

"Area Development Plan," "ADP," and "Specific Plan" shall mean the area development plan developed pursuant to Government Code Section 65450 et seq. that specifies the authorized land uses on the Norwalk Boulevard Property. The ADP shall authorize the land uses for the Cuesta Villas Project.

"Bid Documents" shall mean those documents prepared by Agency at its own cost and expense, including drawings, bid documents, requests for proposals, and related materials, necessary to obtain construction proposals for the Public Improvements on the 166th/Moore Streets Properties that will substantially conform with the Site Plan for the 166th/Moore Streets Properties.

"Certificate of Occupancy" shall mean the certificate of occupancy or similar permit issued by City that authorizes the use and occupancy of a structure or improvement on real property pursuant to City law, regulations, and practices.

"Certificate of Occupancy Seventy Percent Date" shall mean the date on which seventy percent (70%) of the Restricted Units in the Senior Affordable Residential Complex have been leased up to Regulatory Agreement Qualified Residents and a Certificate of Occupancy from City has been received for the Senior Affordable Residential Complex.

"City" shall mean the City of Cerritos, a municipal corporation, organized under the laws of the State of California and having its offices at 18125 South Bloomfield Avenue, Cerritos, California.

"City Attorney" shall mean the designated attorney for the City of Cerritos.

"City Council" shall mean the City Council for the City of Cerritos.

"Claims" shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, attorneys' fees and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials) of any kind or nature whatsoever. The definition of "Claims" shall include, without limitation, Claims under contract law or tort law.

"Conditions Precedent" and "Conditions Precedent to Closing" shall mean collectively those conditions that shall be satisfied or waived in writing by the applicable Party prior to the Close of the Ground Lease Escrow, as specified in Article 3 of this Agreement.

"Corporation" shall mean Cuesta Villas Housing Corporation, a California nonprofit public benefit corporation.

"CRL" shall mean the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.).

"Cuesta Villas Project" shall mean collectively the Senior Affordable Residential Complex, Senior Center, and Park.

"Cuesta Villas Project Conditions Precedent" shall mean those conditions specified in Article 6 of this Agreement that shall be satisfied or waived by the applicable Party prior to performance of the development of the Cuesta Villas Project.

"Cuesta Villas Project Deeds of Trust" shall mean the three (3) leasehold deeds of trust with assignment of rents, in the forms attached hereto as Exhibits "O-1" to "O-3", which shall be recorded against the three Ground Lease Parcels and shall secure, among other items specified in the deeds of trust, Corporation's repayment of the Cuesta Villas Project Loan.

"Cuesta Villas Project Eligible Expenses" shall mean any and all expenses incurred that are necessary and proper to effectuate the development of the Cuesta Villas Project, including but not limited to expenses incurred for Predevelopment Activities, obtaining of entitlements, demolition, grading, construction, and installation of any and all improvements on the Norwalk Boulevard Property. "Predevelopment Activities" shall include but not be limited to any and all

architectural, engineering, environmental review, geotechnical review, and related consulting services necessary and proper to effectuate the development of the Cuesta Villas Project.

"Cuesta Villas Project Loan" shall mean the loan by Agency to Corporation in the amount of and for purposes provided in Article 6 of this Agreement.

"Cuesta Villas Project Promissory Note" shall mean the Promissory Note Secured by a Deed of Trust, in the form attached hereto as Exhibit "N", which sets forth the terms and conditions for Corporation's repayment of the Cuesta Villas Project Loan.

"Cuesta Villas Project Supplemental Loan Disbursements" shall mean the supplemental loan disbursements made by Agency to Corporation in the amount of and for purposes provided in Article 6 of this Agreement.

"Cuesta Villas Project Trust Fund" shall mean the trust fund established by Agency for the benefit of Corporation to assist Corporation in paying for costs of operation and maintenance as provided for in Article 8 of this Agreement.

"DACA Term" shall mean the term of enforceability for the Deposit Account Control Agreement, as defined therein.

"Deposit Account Control Agreement" and "DACA" shall mean an agreement substantially in the form of Exhibit "M-2" that grants to District a security interest in and right to control the funds deposited into the Cuesta Villas Project Trust Fund to secure the payment by Corporation of the Ground Lease Rent.

"District" shall mean the ABC Unified School District.

"District's Environmental Documents" shall mean any and all environmental site assessments concerning the Norwalk Boulevard Property in the possession of District on or before the Effective Date, including but not limited to any complaints or notices of Hazardous Materials, "Phase 1" or "Phase 2" investigation reports, geological surveys, soil tests, and engineering reports.

"District Ground Lease Conditions Precedent to Closing" shall mean the Ground Lease Conditions Precedent to closing for the benefit of District as provided in Article 3 of this Agreement.

"District's Litigation Documents" shall mean any and all documents and materials that are not protected by any applicable privilege that relate to pending or threatened litigation, or litigation that was pending or threatened within the last five (5) years, involving the Norwalk Boulevard Property and/or the District's ownership of the Norwalk Boulevard Property, including but not limited to correspondence that is not privileged, complaints, court orders, settlements, and judgments.

"Due Diligence Period" shall mean the period during which time Agency shall have the right to conduct due diligence on the Norwalk Boulevard Property as set forth in Article 3 of this Agreement. The Due Diligence Period shall commence on the Effective Date and shall conclude

thirty (30) days after the Escrow Opening Date, Preliminary Entitlement Approval Date, or favorable Validation Action Final Judgment, whichever date is latest. Agency and District may agree in writing to a longer period.

"Effective Date" shall mean the date this Agreement is fully executed by all Parties and approved by City, Agency, and District at a duly noticed public meeting, which date shall be inserted in the preamble to this Agreement.

"Eligible Relocation Activities" shall mean any reasonable activities performed as a result of the move of District's administrative offices and kitchen/warehouse facility from the Ground Lease Parcels to the 166th/Moore Streets Properties, where costs for such activities would be reimbursable as Eligible Relocation Expenses.

"Eligible Relocation Expenses" shall mean the actual reasonable expenses incurred as a result of the move of the District's administrative offices and kitchen/warehouse facility from the Cuesta Villas Property to the 166th/Moore Streets Properties. Eligible Relocation Expenses shall include expenses for (i) transportation of District movable property not to exceed a distance of fifty (50) miles from the Ground Lease Parcels; (ii) packing, crating, unpacking, and uncrating of District movable property; (iii) storage of District movable property not to exceed twelve (12) months; (iv) insurance of District movable property while in storage or transit; (v) reasonable replacement value of District movable property lost, stolen, or damaged not through the fault or negligence of the District or any of its agents or employees in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; (vi) disconnecting, dismantling, removing, reassembling, and reinstalling machinery, equipment, or other District movable property (including goods and inventory kept for sale if any) not acquired by Agency, including connection charges, if any, imposed by public utilities for starting utility service; and (vii) any other actual reasonable expense incurred approved by Agency pursuant to the terms and conditions set forth in Article 5 of this Agreement. For purposes of this Agreement, "District movable property" shall mean District-owned personal property, machinery, trade fixtures, furnishings, equipment, and any other property other than real property that is capable of being moved by a nationally-recognized moving company in the ordinary course of business for such moving company.

"Entitlements" and "entitlements" shall mean in general the land use approvals, permits, variances, conditional use permits, parcel maps, tract maps, design review, or other required land use or building entitlements or permits required to be obtained by law from any and all governmental agencies prior to the development of the Project.

"Environmental Law" shall mean all applicable past, present or future federal, state and local statutes, regulations, directives, ordinances, and rules, which pertain to environmental matters, contamination of any type whatsoever, or health and safety matters, as such have been amended, modified or supplemented from time to time (including any present and future amendments thereto and re-authorizations thereof), including, without limitation, those relating to: (a) the manufacture, processing, use, distribution, treatment, storage, disposal, generation or transportation of Hazardous Materials; (b) air, soil, surface, subsurface, surface water and groundwater; (c) the operation and closure of underground storage tanks; (d) health and safety of employees and other persons; and (e) notification and record keeping requirements relating to the

foregoing. Without limiting the above, Environmental Laws also include the following: (a) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), as amended ("CERCLA"); (b) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. §§6901 et seq.), as amended ("RCRA"); (c) the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. §§ 7401 et seq.), as amended; (d) the Clean Water Act (33 U.S.C. §§1251 et seq.), as amended; (e) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), as amended; (f) the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), as amended; (g) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), as amended; (h) the Federal Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), as amended; (i) the Federal Radon and Indoor Air Quality Research Act (42 U.S.C. §§ 7401 et seq.); (j) the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), as amended; and (k) any state, county, municipal or local statutes, laws or ordinances similar or analogous to (including counterparts of) any of the statutes listed above.

"Escrow" or "Escrows" unless otherwise specified shall mean the Ground Lease Escrow.

"Escrow Agent" and "Ground Lease Escrow Agent" shall mean Samantha Maestas of Fidelity National Title Insurance Company, with a business address of 17911 Von Karman Avenue, Suite 275, Irvine, California 92614, or such other escrow or title insurance company as may be mutually agreed to by the Parties for servicing the Escrow.

"Escrow Closing Date" shall mean the date upon which the Ground Lease Escrow closes as provided in Article 3 below.

"Escrow Opening Date" shall mean the date upon which the Ground Lease Escrow is opened as provided in Article 3 below.

"Event of Default" and "Default" and "default" shall mean any event as described in Article 10 of this Agreement.

"Events of Force Majeure" shall mean any event so described in Article 11 of this Agreement.

"Executive Director" shall mean the individual duly appointed to the position of Executive Director of Agency or his or her authorized designee.

"Franchise Tax Board Certification" shall mean the official and final certification, evidenced in writing, by the State of California Franchise Tax Board that Corporation is a tax-exempt non-profit entity under Revenue and Taxation Code Section 23701 or successor statute.

"Ground Lease" shall mean that certain ground lease of the Ground Lease Parcels and any and all improvements thereon to be entered by and between District and Agency, attached hereto as Exhibit "G".

"Ground Lease Assignment And Assumption Agreement" shall mean the agreement in the form of Exhibit "K" attached hereto that assigns Agency's right, title, and interest in the Ground Lease to Corporation.

"Ground Lease Conditions Precedent" and "Ground Lease Conditions Precedent to Closing" shall mean those conditions set forth in Article 3 of this Agreement.

"Ground Lease Deposit" shall mean the Ten Thousand Dollar ($10,000.00) deposit delivered to District by Agency, as required by District Resolution No. 06-31 and authorized by Agency Resolution No. CRA 2007-2, in response to a request for bids by District to lease the Norwalk Boulevard Property.

"Ground Lease Escrow" shall mean the method through which the transfer of the Ground Lease Parcels from District to Agency will be accomplished pursuant to this Agreement.

"Ground Lease Escrow Closing Date" shall mean the date specified in Article 3 of this Agreement.

"Ground Lease Escrow Costs" shall mean the costs of servicing the escrow, which shall include the customary and usual escrow fees, charges, and costs which arise from the Escrow.

"Ground Lease Escrow Opening Date" shall mean the date upon which the Ground Lease Escrow is opened as provided in Article 3 below.

"Ground Lease Insurance Requirements" shall mean the insurance requirements that must be complied with as set forth in the Ground Lease.

"Ground Lease Parcels" shall mean the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel.

"Ground Lease Rent" shall have the meaning set forth in the Ground Lease.

"Ground Lease Rent Payment Guaranty" and "Guaranty" shall mean an agreement substantially in the form of Exhibit "M-1" in which Agency shall act as guarantor of Corporation for the payment of the Ground Lease Rent for the Guaranty Term, pursuant to the provisions set forth in this Agreement.

"Ground Lease Term" shall mean the term of the ground leasehold interest as defined in the Ground Lease.

"Ground Lease Rent Payment Term" shall have the meaning set forth in the Ground Lease.

"Guaranty Term" shall have the meaning set forth in the Ground Lease Rent Payment Guaranty.

"Hazardous Materials" shall mean any mold, toxic substance or waste, pollutant, hazardous substance or waste, contaminant, special waste, industrial substance or waste, petroleum or petroleum-derived substance or waste, or any toxic or hazardous constituent or additive to or breakdown component from any such substance or waste, including without limitation any substance, waste, or material regulated under or defined as "hazardous" or "toxic" under any Environmental Law.

"Improvements" and "improvements" shall mean, unless more specifically defined in this Agreement, general improvements that have been constructed on or will be constructed on either the Norwalk Boulevard Property, Ground Lease Parcels, or 166th/Moore Streets Properties, or any portion thereof.

"IRS" shall mean the United States Internal Revenue Service.

"IRS Certification" shall mean the official and final certification, evidenced in writing, by the United States Internal Revenue Service that Corporation is a tax-exempt nonprofit entity under Section 501(c) or successor section of the Internal Revenue Code.

"Kitchen/Warehouse Public Improvements" shall mean the improvements set forth in Article 4 of this Agreement.

"Low Income Restricted Units" shall have the meaning set forth in the Regulatory Agreement.

"Maximum Agency Obligation for Public Improvements" shall mean the amount specified in Article 4 of this Agreement.

"Maximum Relocation Payment" shall mean the maximum total payment that Agency is obligated to pay for the Eligible Relocation Expenses, as set forth in Article 5.

"Memorandum of Agreement" shall mean the memorandum of this Agreement recorded against the Ground Lease Parcels, 166th Street Property, and Moore Street Property, in the forms attached hereto as Exhibits "F-1" to "F-5."

"Memorandum of Assignment and Assumption Agreement" shall mean the instruments attached hereto as Exhibit "L-1" to Exhibit "L-3", to be executed and recorded against the Ground Lease Parcels upon the assignment and assumption of Ground Lease Parcels from Agency to Corporation as provided in this Agreement.

"Memorandum of Ground Lease" shall mean the instruments attached hereto as Exhibits "H-1" to "H-3," to be executed and recorded against the Ground Lease Parcels as provided herein.

"Moderate Income Restricted Units" shall have the same meaning as set forth in the Regulatory Agreement.

"Moore Street Property" shall mean that certain real property described in Recital A.

"Moore Street Property Leased Premises" shall have the meaning set forth in the Moore Street Property Lease and Option Agreement.

"Moore Street Property Lease and Option Agreement" shall mean the agreement, in the form attached hereto as Exhibit "J-2", which sets forth the terms and conditions for District's lease of the Moore Street Property Leased Premises and option to purchase the Moore Street Property.

"Moore Street Property Purchase and Sale Agreement" shall mean the purchase and sale agreement for the Moore Street Property in a form that substantially complies with the Attachment to the Moore Street Property Lease and Option Agreement.

"Moore Street Property Purchase Price" shall mean the portion of the 166th/Moore Streets Properties Purchase Price for the Moore Street Property to be determined according to the 166th/Moore Streets Properties Lease and Option Agreements.

"Moore Street Property Rent" shall mean the rent District shall pay to City during the 166th/Moore Streets Properties Lease Term as provided in the Moore Street Property Lease and Option Agreement.

"Norwalk Boulevard Property" shall mean that certain real property described in Recital B.

"Notice of Completion of Construction" shall mean the notice issued by the City Engineer (or designated City employee) that evidences satisfactory completion of Improvements that have been constructed in any separate legal parcel.

"Office Public Improvements" shall mean the improvements set forth in Article 4 of this Agreement.

"Option" and "Options" shall mean individually the option to purchase the 166th Street Property or the option to purchase the Moore Street Property, or collectively the options to purchase the 166th/Moore Streets Properties, as defined and set forth in the 166th/Moore Streets Properties Lease and Option Agreements.

"Outside Closing Date" shall mean the date that is ninety (90) days after the Escrow Opening Date, Preliminary Entitlements Approval Date, or favorable Validation Action Final Judgment, whichever date is latest.

"Park" shall mean the open space areas, structures, and appurtenant improvements (including parking) to be used as an outdoor recreational park located on the Park Parcel, with all open space areas and improvements to be consistent with the Site Plan for the Norwalk Boulevard Property, Scope of Work, and building plans and entitlements approved by City.

"Park Parcel" shall mean the approximately 4.04 acres, as depicted in the Site Plan for the Norwalk Boulevard Property, that are intended to be subdivided pursuant to Article 2 of this Agreement, which if subdivided in accordance with this Agreement and pursuant to law would be a separate legal parcel on which the Park will be located.

"Party" and "Parties" shall individually mean the Agency, City, District, or Corporation, and collectively mean the Agency, City, District, and Corporation. In the event that a provision in this Agreement applies to only two or three of the four Parties (for example, Agency and District), the Agreement will specify the two Parties for which the provision applies.

"Permitted Transfers" shall mean the permitted transfers and assignments of this Agreement and/or right, title, and interest in any of the real property and/or improvements thereon as permitted in Article 9 of this Agreement.

"Planning Commission" shall mean the City of Cerritos Planning Commission.

"Predevelopment Activities" shall mean those activities specified in Section 4.1 and as specified as Cuesta Villas Project Eligible Expenses.

"Preliminary Entitlements" shall mean those specific preliminary entitlements set forth in Article 2 of this Agreement.

"Preliminary Entitlements Approval Date" shall mean the date on which each and every Preliminary Entitlement has been approved by the Planning Commission and/or City Council.

"Project" shall mean the Cuesta Villas Project and the Public Improvements for the 166th/Moore Streets Properties, and all of the work to be performed and completed in connection with the Cuesta Villas Project and the Public Improvements, with all such improvements to be consistent with the development and building plans and permits to be approved by the City. In the event of any inconsistency between the description of the Project in this Agreement and the approved plans and permits, the approved plans and permits shall govern.

"Public Improvements" and "Public Improvements for the 166th/Moore Streets Properties" shall mean the Office Public Improvements and Kitchen/Warehouse Public Improvements.

"Public Improvements Conditions Precedent" shall have the meaning set forth in Article 4 of this Agreement.

"Recorder's Office" shall mean the Los Angeles County Registrar-Recorder/County Clerk's Office, or any successor or subsequent office responsible for the recording of instruments affecting property located within the County of Los Angeles, California.

"Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Covenants, Conditions and Restrictions to be entered into between Agency and Corporation and recorded against the leasehold interest in the Senior Affordable Residential Complex Parcel, pursuant to the terms and conditions of this Agreement. The form of the Regulatory Agreement shall be as set forth in Exhibit "I" to this Agreement.

"Regulatory Agreement Qualified Residents" shall have the meaning set forth in the Regulatory Agreement.

"Release of Construction Covenants" shall have the meaning ascribed in Article 6 of this Agreement. The form of the Release of Construction Covenants shall be as set forth in Exhibit "P" to this Agreement.

"Relocation Completion Date" shall mean the date when the relocation of District's movable property from the Norwalk Boulevard Property has been completed.

"Relocation Completion Notice" shall mean the written notice that evidences the completion of the relocation of District's administrative offices and kitchen/warehouse facility from the Ground Lease Parcels, as provided for in this Agreement.

"Relocation Conditions Precedent" shall mean those conditions specified in Article 5 of this Agreement.

"Relocation Payment(s)" shall mean, individually and collectively, the payments made by Agency for Eligible Relocation Expenses.

"Restricted Units" shall have the same meaning as provided in the Regulatory Agreement.

"Right of Entry" shall mean the right of entry granted by District to Agency during the Due Diligence Period as more specifically provided for in Article 3 of this Agreement.

"Right of Entry Activity" and "Right of Entry Activities" shall mean individually and collectively those activities that Agency is authorized to perform during the Due Diligence Period as more specifically provided for in Article 3 of this Agreement.

"Schedule of Performance" shall mean that certain Schedule of Performance attached hereto as Exhibit "E" and incorporated by reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be performed.

"Scope of Work" shall mean the general description of the work to be performed on the Norwalk Boulevard Property, Ground Lease Parcels, and 166th/Moore Streets Properties attached hereto as Exhibit "D" and incorporated by reference.

"Senior Affordable Residential Complex" shall mean the buildings, structures, and appurtenant improvements (including common areas, parking, and parking shelters) to be used for the senior residential rental units located on the Senior Affordable Residential Complex Parcel, with all improvements to be consistent with the Site Plan for the Norwalk Boulevard Property, Scope of Work, and building plans and entitlements approved by City.

"Senior Affordable Residential Complex Parcel" shall mean the approximately 11 acres, as depicted in the Site Plan for the Norwalk Boulevard Property, that are intended to be subdivided pursuant to Article 2 of this Agreement, which if subdivided in accordance with this Agreement and pursuant to law would be a separate legal parcel on which the Senior Affordable Residential Complex will be located.

"Senior Center" shall mean the buildings, structures, and appurtenant improvements (including parking) to be used for the services specified in the Ground Lease on the Senior Center Parcel, with all improvements to be consistent with the Site Plan for the Norwalk Boulevard Property, Scope of Work, and building plans and entitlements approved by City.

"Senior Center Parcel" shall mean the approximately .65 acres, as depicted in the Site Plan for the Norwalk Boulevard Property, that are intended to be subdivided pursuant to

Article 2 of this Agreement, which if subdivided in accordance with this Agreement and pursuant to law would be a separate legal parcel on which the Senior Center will be located.

"Site Plan for the 166th/Moore Streets Properties" shall mean the general depiction of location and uses for the 166th/Moore Streets Properties Project as set forth in Exhibit "C-2".

"Site Plan for the Norwalk Boulevard Property" shall mean the general depiction of location and uses for the Cuesta Villas Project as set forth in Exhibit "C-1".

"Site Plans" shall mean the Site Plan for the 166th/Moore Streets Properties and the Site Plan for the Norwalk Boulevard Property.

"Specific Plan" shall mean the Area Development Plan for the Norwalk Boulevard Property.

"Tax Increment Termination Date" shall have the meaning set forth in the Ground Lease Rent Payment Guaranty.

"Temporary Sublease Term" shall have the meaning prescribed in the Ground Lease, which allows District to remain in possession of the existing Improvements on the Ground Lease Parcels after the Escrow Closing Date until the completion of the relocation of District's movable property.

"Term Of Agreement" shall mean the length of time for which this entire Agreement shall be in force and effect, as set forth in Section 1.4 below.

"Termination Contingencies" shall mean those contingencies that, should any one occur, entitles any Party to terminate this Agreement and rescind any transfer of a real property interest, as specified in Article 3.

"Trust Fund Eligible Expenses" shall mean any and all expenses incurred for the operation and maintenance of the Senior Affordable Residential Complex, Senior Center, and/or Park.

"UCC Financing Statement" shall mean the financing statement used to secure District's interest in the Cuesta Villas Project Trust Account in a form that substantially complies with Exhibit "M-3."

"Validation Action" shall mean that certain action filed in a court of competent jurisdiction to rule upon the validity of the transactions contemplated by this Agreement as said action is authorized by law, including Government Code Section 53510 et seq. and Code of Civil Procedure Section 860 et seq.

"Validation Action Final Judgment" shall mean the final judicial resolution (including any appeals) of the Validation Action and the expiration of the limitations period to notice any appeal of the Validation Action.

"Very Low Income Restricted Units" shall have the meaning set forth in the Regulatory Agreement.

1.2 References and Other Terms. Any reference to any document shall include such document both as originally executed and as it may from time to time be amended. References herein to "Article," "Section," "Subsection," "Exhibit," or "Attachment" shall be construed as references to this Agreement unless a different document is named. References to "this Article,' "this Section" or "this Subsection" shall be construed to mean the same Article, Section or Subsection in which the reference appears. The terms "including" and "include" shall mean "including (include) without limitation" unless specifically limited to items or events therein listed.

1.3 Exhibits and Attachments Incorporated Herein. All Exhibits and other documents attached hereto, as now existing and as the same may from time to time be amended, are part of this Agreement and incorporated herein by this reference.

1.4 Term Of Agreement. This Agreement shall commence on the Effective Date and shall continue in full force and effect (unless sooner terminated as provided herein) until the date that is fifty-five (55) years from the Certificate of Occupancy Seventy Percent Date (the "Term Of Agreement").

ARTICLE 2. VALIDATION ACTION, PRELIMINARY ENTITLEMENTS AND SUBDIVISION FOR THE CUESTA VILLAS PROJECT, IRS CERTIFICATION.

2.1 Validation Action. In the event that the Parties execute and approve (at duly noticed public hearings if applicable) this Agreement in accordance with law, then Agency shall file in a court of competent jurisdiction the Validation Action no later than thirty (30) days after the date upon which the last Party has duly approved this Agreement.

2.1.1 Suspension of Obligations Pending Ruling. Upon filing the Validation Act in court, the Parties may but shall not have an obligation to perform any of the terms and conditions of this Agreement unless and until said court issues a Validation Action Final Judgment that this Agreement and the transactions contemplated herein are valid pursuant to law. The Parties expressly acknowledge and agree that a Validation Action Final Judgment that rules and decrees this Agreement and the transaction contemplated herein are valid pursuant to law is a condition precedent for the lease, assignment or transfer of any property interest as contemplated in this Agreement by and among the Parties. The Parties further acknowledge and agree that it may take a lengthy amount of time prior to the court's issuance of the Validation Action Final Judgment. Agency shall monitor the status of the Validation Action while it is pending and shall deliver a status update upon any request by any Party.

2.1.2 Meet and Confer; Termination. In the event that a court issues a Validation Action Final Judgment that rules and decrees any portion or all of this Agreement or the transactions contemplated herein are not valid pursuant to law, this Agreement shall not terminate until ninety (90) days after the date of the Validation Action Final Judgment. During

the ninety (90) day period, the Agency and District shall meet and confer in an attempt to negotiate and execute a modified agreement that would attempt to fulfill the objectives of this Agreement while accommodating the reason(s) for the court's ruling (if known) that this Agreement and transactions contemplated herein are not valid pursuant to law. In the event that Agency and District successfully negotiate such an agreement, it shall be brought before the Parties for review and consideration pursuant to law. Agency and District may in their reasonable discretion extend the ninety (90) day meet and confer period set forth in this Section by written extension thereof. In the event that Agency and District do not successfully negotiate an alternative agreement after the expiration of the ninety (90) day period (or extension thereof), this Agreement shall terminate and the Parties shall have no further obligations to the other Parties hereto. If the Parties are successful in negotiating an alternative agreement, Agency shall take the appropriate steps to initiate another validation action for the alternative agreement.

2.2 Applications for Preliminary Entitlements. No later than thirty (30) days after the Validation Action Final Judgment that this Agreement and the transactions contemplated herein are legal pursuant to law, the applications for the Preliminary Entitlements shall be filed with City as provided in this Article.

2.3 General Need to Obtain Certain Preliminary Entitlements. As of the Effective Date, certain land use entitlements have not been obtained for all proposed uses in the Project. Agency, or in the event that Corporation has received the IRS Certification, then Corporation shall apply and use its best efforts to obtain the land use entitlements necessary for the Project in accordance with this Article 2, the Schedule of Performance, and this Agreement. District shall cooperate with Agency (or Corporation if applicable) in order to apply for and obtain all necessary land use entitlements.

2.4 Public Referral Projects/Precise Plans. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain from the Planning Commission and City Council the approval of any and all necessary public referral projects and/or precise plans for the land uses on the Norwalk Boulevard Property and 166th/Moore Streets Properties. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall comply with applicable laws, rules, regulations, and policies in furtherance of obtaining the approval for any necessary application for said public referral projects and/or precise plans.

2.5 Area Development Plan. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain from the Planning Commission and City Council the approval of a development code amendment to establish the Area Development Plan for the Norwalk Boulevard Property. Agency shall comply with applicable laws, rules, regulations, and policies in furtherance of obtaining the approval of the Area Development Plan.

2.6 General Plan Amendment. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain from the Planning Commission and City Council all general plan amendments that will authorize the land uses for the Project on the Norwalk Boulevard Property. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall comply with all applicable laws in furtherance of its application for the general plan amendment, including but not limited to the Planning and Zoning Law

(Government Code Section 65000 et seq.), the City of Cerritos Municipal Code, and any other state and local implementing rules, regulations, and policies. In furtherance thereof, Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain a general plan amendment that will change the current land use designation as educational to the Area Development Plan.

2.7 Zone Change. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain from the Planning Commission and City Council all necessary zoning approvals that will authorize the land uses for the Project on the Norwalk Boulevard Property. Agency (or Corporation if applicable pursuant to Section 2.3 above) shall comply with all applicable laws in furtherance of its application for the general plan amendment, including but not limited to the Planning and Zoning Law (Government Code Section 65000 et seq.), the City of Cerritos Municipal Code, and any other state and local implementing rules, regulations, and policies. In furtherance thereof, Agency (or Corporation if applicable pursuant to Section 2.3 above) shall apply for and use its best efforts to obtain a development map amendment to change the zoning from open space to the Area Development Plan.

2.8 Subdivision of the Norwalk Boulevard Property. As of the Effective Date, the Norwalk Boulevard Property comprised one legal parcel. In order to maximize the use, management, and operation of the Norwalk Boulevard Property for the Cuesta Villas Project, District (or Agency on District's behalf as may be authorized pursuant to law and established procedures) shall apply for and use its best efforts to obtain from the Planning Commission and City Council a subdivision of the Norwalk Boulevard Property in accordance with applicable laws, including but not limited to the Subdivision Map Act (Government Code Section 66410 et seq.), the City of Cerritos Municipal Code, and any and all state and local implementing rules, regulations, and policies. District (or Agency if so requested by District) shall apply for a subdivision of the Norwalk Boulevard Property so that separate legal parcels result for the Senior Affordable Residential Complex, Senior Center, and Park. In the event that both the Planning Commission and City Council approve the subdivision application, the following separate parcels would result: (a) the Senior Affordable Residential Complex Parcel; (b) the Senior Center Parcel; and (c) the Park Parcel. In the event that the Planning Commission and City Council approve the subdivision of the Norwalk Boulevard Property, the legal description for the Senior Affordable Residential Complex Parcel shall be attached to this Agreement as Exhibit "B-2", the legal description for the Senior Center Parcel shall be attached to this Agreement as Exhibit "B-3", and the legal description for the Park Parcel shall be attached to this Agreement as Exhibit "B-4". Approval and recordation of a final subdivision map or similar instrument that finally subdivides the Norwalk Boulevard Property into the Ground Lease Parcels shall be required as a condition to the closing of the Ground Lease Escrow as provided in Article 3 of this Agreement. District (or Agency if so requested by District) shall have the obligation to record or cause to be recorded the final subdivision map or similar instrument.

2.9 Preliminary Entitlements Defined. "Preliminary Entitlements" shall mean the entitlements applied for by Agency, Corporation, and/or District (as the case may be) and subject to the discretionary approval of the Planning Commission and City Council as set forth in this Article 2, which include: (a) any and all public referral projects and/or precise plans for the Norwalk Boulevard Property and 166th/Moore Streets Properties; (b) the development code

amendment to establish the Area Development Plan; (c) the development map amendment that will change the zoning of the Norwalk Boulevard Property from open space to the Area Development Plan; (d) the general plan amendment that will change the designated land use from educational purposes to the Area Development Plan; and (e) the final subdivision map or similar instrument dividing the Norwalk Boulevard Property into the Ground Lease Parcels.

2.10 Opening of Escrow Contingent upon Approvals for Preliminary Entitlements. None of the Parties shall have an obligation to open the Ground Lease Escrow unless and until the Planning Commission and/or City Council have approved, in their discretion as prescribed by law, all of the Preliminary Entitlements.

2.11 Reservation of Discretion. Nothing in this Agreement shall obligate the Planning Commission, City Council, or any other body with legislative authority over the Norwalk Boulevard Property or the 166th/Moore Streets Properties to approve or deemed to have approved any of the Preliminary Entitlements as set forth in this Agreement. The Parties expressly acknowledge and agree that the Planning Commission, City Council, and any other body with legislative authority over the Norwalk Boulevard Property or 166th/Moore Streets Properties have the discretionary power to approve, approve with conditions, or deny any or all of the Preliminary Entitlements, and nothing in this Agreement removes or limits that discretionary power. The Parties further acknowledge and agree that the Project may be delayed or incapable of proceeding in the event that any Entitlement is not obtained.

2.12 Failure to Obtain Any Preliminary Entitlements. In the event that Agency, Corporation, or District (as the case may be) fail to obtain any Preliminary Entitlement, this Agreement shall not terminate until ninety (90) days after the date on which the Preliminary Entitlement was denied by the Planning Commission or, if City Council review is required, by the City Council. During the ninety (90)-day period, the Agency and District shall meet and confer in an attempt to negotiate and execute a modified agreement that would attempt to fulfill the objectives of this Agreement while accommodating the reason(s) for the denial of the Preliminary Entitlement. In the event that District and Agency successfully negotiate such an agreement, it shall be brought before the Parties for review and consideration pursuant to law. Nothing in this Section shall be deemed as removing or limiting the discretionary power of the Planning Commission, City Council, or other body with legislative authority over the Norwalk Boulevard Property or 166th/Moore Streets Properties. Agency and District may in their reasonable discretion extend the ninety (90)-day meet and confer period set forth in this Section by written extension thereof. In the event that Agency and District do not successfully negotiate an alternative agreement after the expiration of the ninety (90)-day period (or extension thereof), this Agreement shall terminate and the Parties shall have no further obligations to the other Parties hereto.

2.13 IRS Certification Application. If not previously submitted to the IRS, Corporation shall no later than sixty (60) days after the Effective Date deliver to the IRS the application materials for the IRS Certification. The Parties acknowledge and agree that the IRS has the discretionary power to approve or deny the Corporation's tax-exempt status, and nothing in this Agreement shall be deemed to require Corporation to perform its obligations herein unless and until Corporation has received the IRS Certification. In the event that the IRS does not provide to Corporation the IRS Certification or otherwise grants only partial tax-exempt status or

limits Corporation's tax-exempt status, Corporation shall have the right in its reasonable discretion to re-apply for the IRS Certification according to any instructions provided by the IRS that must be complied with to obtain the IRS Certification.

2.13.1 Receipt of IRS Certification. In the event that Corporation receives the IRS Certification, it shall (a) deliver to the other Parties notice thereof; and (b) apply to the California Franchise Tax Board for the Franchise Tax Board Certification no later than sixty (60) days after receipt of the IRS Certification.

2.13.2 Franchise Tax Board Certification. The Parties acknowledge and agree that the Franchise Tax Board has the discretionary power to approve or deny the Corporation's tax-exempt status. In the event that the Franchise Tax Board does not provide to Corporation the Franchise Tax Board Certification or otherwise grants only partial tax-exempt status or limits Corporation's tax-exempt status, Corporation shall have the right in its reasonable discretion to re-apply for the Franchise Tax Board Certification according to any instructions provided by the Franchise Tax Board that must be complied with to obtain certification.

2.13.3 Termination of Agreement. In the event that the IRS does not provide to Corporation the IRS Certification or otherwise grants only partial tax-exempt status or limits Corporation's tax-exempt status, or in the event that Franchise Tax Board does not provide to Corporation the Franchise Tax Board Certification or otherwise grants only partial tax-exempt status or limits Corporation's tax-exempt status, and Corporation does not re-apply, Corporation shall have the right to terminate this Agreement pursuant to Sections 3.21 and 3.22 below.

ARTICLE 3. ACQUISITION OF PROPERTY INTERESTS IN GROUND LEASE PARCELS AND 166th/MOORE STREETS PROPERTIES.

3.1 Lease of Ground Lease Parcels by District to Agency.

3.1.1 Subdivision. Prior to the transfer of the leasehold interest in the Ground Lease Parcels from District to Agency, the Norwalk Boulevard Property shall have been approved for subdivision and ready to be subdivided into the Ground Lease Parcels on or before the Ground Lease Escrow Closing Date.

3.1.2 Transfer of Leasehold Interest. Subject to all of the terms, conditions, and provisions set forth in this Agreement, District agrees to lease to Agency, and Agency agrees to lease from District, the Ground Lease Parcels according to the terms and conditions set forth in the Ground Lease. The lease of the Ground Lease Parcels shall be serviced through the Ground Lease Escrow as provided in this Agreement. The Ground Lease shall not be recorded in the Recorder's Office. A short form Memorandum of Ground Lease referring to the Ground Lease, substantially in the form attached hereto as Exhibits "H-1" to "H-3", shall be executed by the parties to the Ground Lease and recorded in the Recorder's Office against each of the Ground Lease Parcels.

3.1.3 Security for District's Receipt of Ground Lease Rent. As a condition to the lease of the Ground Lease Parcels to Agency, Agency and Corporation shall comply with the following:

(a) Upon Agency's assignment to Corporation and Corporation's assumption of the Ground Lease pursuant to the terms and conditions of this Agreement, Agency shall be a guarantor of Corporation for the payment of Ground Lease Rent to District until the Tax Increment Termination Date as defined in the Ground Lease Rent Payment Guaranty (the "Guaranty Term"). Agency shall execute for the benefit of District the Ground Lease Rent Payment Guaranty upon said assignment of the Ground Lease to Corporation, and the obligations in the Ground Lease Rent Payment Guaranty shall be enforceable for the duration of the Guaranty Term.

(b) Upon the expiration of the Guaranty Term, Corporation shall authorize District to have a secured interest in the funds available in the Cuesta Villas Project Trust Fund for the purpose of securing the payment of Ground Lease Rent. Upon Agency's assignment to Corporation and Corporation's assumption of the Ground Lease pursuant to the terms and conditions of this Agreement, Corporation shall execute for the benefit of District the Deposit Account Control Agreement and UCC Financing Statement, and District's secured interest in the funds in the Cuesta Villas Project Trust Fund shall remain enforceable from after the expiration of the Guaranty Term until Corporation has paid in full the Ground Lease Rent through the Ground Lease Rent Payment Term. From the date on which the Cuesta Villas Project Trust Fund is opened in accordance with Article 8 of this Agreement and for the duration of the Term Of Agreement, Corporation shall not encumber, pledge as security, or permit any lien, adverse claim, setoff, default, prepayment, defense, or condition precedent against the funds in the Cuesta Villas Project Trust Fund unless: (i) such encumbrance, pledge, lien, adverse claim, setoff, default, prepayment, defense, or condition precedent is necessary to secure payment for Cuesta Villas Project Eligible Expenses or to secure payment for Trust Fund Eligible Expenses; and (ii) Corporation obtains District's written consent (which may be granted or denied in District's reasonable discretion) prior to Corporation permitting any such encumbrance, pledge, lien, adverse claim, setoff, default, prepayment, defense, or condition precedent. Corporation shall have the obligation to obtain the third-party bank's authorized signature for the Deposit Account Control Agreement. District shall have the obligation to file the Deposit Account Control Agreement and UCC Financing Statement with the California Secretary of State and/or any other governmental agency for which District must file a copy of said instruments to perfect District's security interest in the Cuesta Villas Project Trust Fund. In the event that District seeks to perfect its security interest in the Cuesta Villas Project Trust Fund prior to the expiration of the Guaranty Term, District shall clearly disclose that its secured interest is not enforceable until the expiration of the Guaranty Term. Upon payment in full by Corporation to District of all Ground Lease Rent pursuant to the Ground Lease, District shall prepare, execute, file, record, and/or deliver such instruments or statements (in a form approved by Corporation's legal counsel) terminating the Deposit Account Control Agreement, the UCC Financing Statement, and District's secured interest in the Cuesta Villas Project Trust Fund.

3.1.4 Prohibition of Transfer of Ground Lease Interest during Guaranty Term. Notwithstanding any provision in this Agreement to the contrary (which by definition includes all Exhibits attached), neither District nor Corporation shall transfer or assign its right, title, or

interest in the Ground Lease or any of the Ground Lease Parcels (or portion thereof) for the duration of the Guaranty Term without the prior written consent of Agency, which consent may be granted or denied in Agency's sole and absolute discretion.

3.1.5 Prohibition of Transfer of Deposit Account Control Agreement and Secured Interest in Trust Fund. Notwithstanding any provision in this Agreement to the contrary (which by definition includes all Exhibits attached), District shall not transfer or assign its security interest in the Cuesta Villas Project Trust Fund, the Deposit Account Control Agreement, or the UCC Financing Statement for the duration of the Term Of Agreement without the prior written consent of Corporation, which consent may be granted or denied in Corporation's sole and absolute discretion.

3.2 Deposit for Ground Lease. District acknowledges and agrees that Agency has delivered to District a cashier's check in the amount of Ten Thousand Dollars ($10,000.00) in response to District Board Resolution No. 06-31 (the "Ground Lease Deposit"). In the event that Agency acquires the interest in the Ground Lease as set forth in this Agreement, the Ground Lease Deposit shall be applied towards payment to District of the Ground Lease Rent as set forth in the Ground Lease.

3.3 Lease and Option to Purchase 166th/Moore Streets Properties by City to District. Subject to all of the terms, conditions, and provisions set forth in this Agreement, City agrees to lease to District, and District agrees to lease from City, a possessory interest in the 166th Street Property Leased Premises for the 166th/Moore Streets Properties Lease Term according to the terms and conditions set forth in the 166th Street Property Lease and Option Agreement. Subject to all of the terms, conditions, and provisions set forth in this Agreement, City agrees to lease to District, and District agrees to lease from City, a possessory interest in the Moore Street Property Leased Premises for the 166th/Moore Streets Properties Lease Term according to the terms and conditions set forth in the Moore Street Property Lease and Option Agreement. The transfer of the possessory interests in and Options to purchase the 166th/Moore Streets Properties shall be serviced through the Ground Lease Escrow provided in this Agreement. The 166th/Moore Streets Properties Lease and Option Agreements shall be recorded in the Recorder's Office as provided in this Agreement.

3.4 Transfer of Fee Title to 166th/Moore Streets Properties; Exercise of Option. Provided District is not in default of this Agreement (which by definition includes all Exhibits attached hereto), upon the exercise of the Options as set forth in the 166th/Moore Streets Properties Lease and Option Agreements, District shall have the right to acquire the fee interest in and title to the 166th/Moore Streets Properties from City in accordance with the terms and conditions of the 166th/Moore Streets Property Lease and Option Agreements, and City's fee interest in and title to the 166th/Moore Street Properties may be transferred to District only in accordance with the terms and conditions of the 166th/Moore Street Properties Lease and Option Agreements and 166th/Moore Streets Properties Purchase and Sale Agreements. The provisions in this Section shall be in addition to any other Conditions Precedent to Closing as may be required pursuant to this Agreement, the 166th/Moore Streets Properties Lease and Option Agreements, and the 166th/Moore Streets Properties Purchase and Sale Agreements.

3.5 Environmental Condition of Properties; Due Diligence. Agency shall have the right to conduct environmental due diligence on the Ground Lease Parcels during the Due Diligence Period.

3.5.1 District Obligations. District and Agency shall perform and comply with the following provisions to satisfy Agency's right to conduct environmental due diligence on the Ground Lease Parcels:

(a) Delivery of Environmental Documents. On or before the Escrow Opening Date, District shall deliver to Agency the District's Environmental Documents. If District has no documents that fall within the definition of District's Environmental Documents, District shall deliver to Agency written notice thereof. Agency shall have the right to provide copies of the District's Environmental Documents to Agency's consultants, agents, contractors, and subcontractors for the purpose of reviewing the environmental condition of the Norwalk Boulevard Property. Agency shall complete or cause to be completed environmental review of the District's Environmental Documents no later than the expiration of the Due Diligence Period.

(b) Right of Entry. District hereby grants to Agency and its respective officers, officials, members, employees, agents, contractors, and subcontractors (collectively, "Agency Licensees") a temporary right to enter onto the Norwalk Boulevard Property during the Due Diligence Period (the "Agency Right of Entry") for the following purposes: (i) examining, inspecting, and investigating the Ground Lease Parcels; (ii) obtaining soil and other geological data from the Ground Lease Parcels; (iii) performing environmental tests including but not limited to a "Phase 1" or "Phase 2" investigations of the Ground Lease Parcels, including booring activity; (iv) preparing surveys of the Ground Lease Parcels; (v) preparing plans and specifications for development of the Ground Lease Parcels; and (vi) any other related, non-invasive examining or investigative activity (collectively, the "Agency Right of Entry Activities"). Agency shall be solely responsible for payment of any and all Agency Right of Entry Activities. Agency shall provide to District no less than forty-eight (48) hours verbal notice (and Agency to deliver to District written confirmation of such verbal notice) that Agency will be exercising its right to enter the Norwalk Boulevard Property to conduct Agency Right of Entry Activities, and District shall have the right but not the obligation to accompany any Agency Licensee in the performance of any Agency Right of Entry Activity. As a condition to any such entry, examination or investigation, Agency Licensees shall: (i) conduct all tests and studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous condition to occur on the Ground Lease Parcels; (ii) comply with all applicable laws and governmental regulations; and (iii) promptly repair any and all damage to the Norwalk Boulevard Property caused by Agency Licensees and return the Norwalk Boulevard Property to its original condition following Agency Licensee's entry. In addition to any other indemnification authorized pursuant to this Agreement, Agency shall indemnify, defend and hold harmless District and its respective officers, officials, members, employees, and agents from and against

any and all loss, cost, liability or expense, including reasonable attorney's fees, arising from the entries of Agency Licensees on the Norwalk Boulevard Property, or from Agency Licensee's failure to comply with the conditions to entry provided herein.

(c) Agency shall procure and maintain, at all times during which Agency performs or causes to perform Agency Right of Entry Activities, the following policies of insurance:

(i) Workers' Compensation insurance that complies with all applicable state laws and requirements; and

(ii) Comprehensive General Liability insurance with limits not less than One Million Dollars ($1,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

All of the policies of insurance required above shall be primary insurance and, except for the Workers Compensation insurance, shall name the District and respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against District and respective officers, employees, and agents, and District's respective insurers. All of the insurance policies required in this Subsection shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to District. Upon District's written request, Agency shall deliver to District any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Subsection, Agency may satisfy the insurance required above through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of the Agency Right of Entry Activities. Upon District's written request, Agency shall deliver to District evidence satisfactory to District that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If District reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Agency shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

(d) Approval of Environmental Condition of Ground Lease Parcels. No later than the expiration of the Due Diligence Period, Agency shall deliver to District an approval or disapproval of the environmental conditions of the Ground Lease Parcels. Agency's approval of the environmental conditions of the Ground Lease Parcels, or waiver thereof, is a Condition Precedent to Closing. Agency's

failure to deliver to District written notice of its approval or disapproval of the environmental conditions on or before the expiration of the Due Diligence Period shall be conclusively deemed Agency's approval of the environmental conditions on the Ground Lease Parcels, provided District provides Agency five (5) days written notice of said failure to deliver such written notice and Agency fails to terminate the Ground Lease Escrow within said five (5) day period.

3.6 Litigation Documents. On or before the Escrow Opening Date, District shall deliver to Agency's designated legal counsel and/or City Attorney the District's Litigation Documents. If District has no documents that fall within the definition of District's Litigation Documents, District shall deliver to Agency written notice thereof. Agency shall complete or cause to be completed the review of said litigation documents no later than the expiration of the Due Diligence Period, and Agency shall have the right to terminate this Agreement if after review of the District's Litigation Documents the Agency determines, in its reasonable discretion, that Agency cannot or should not be obligated to assume a risk of litigation that may currently be or was pending or threatened against District. Agency's approval of the risk of litigation as evidenced by the District's Litigation Documents is a Condition Precedent to Closing. Agency's failure to deliver to District written notice of its approval or disapproval on or before the expiration of the Due Diligence Period shall be conclusively deemed Agency's approval of the assumption of the risk of litigation as evidenced by the District's Litigation Documents, provided District provides Agency five (5) days written notice of said failure to deliver such written notice and Agency fails to terminate the Ground Lease Escrow within said five (5) day period.

3.7 Relocation of Existing Tenants. Agency and District shall have the responsibility for relocating existing tenants and subtenants as provided below.

3.7.1 Relocation for 166th/Moore Streets Properties. To the extent there are any existing tenants or subtenants on the 166th/Moore Streets Properties or any portion thereof, City shall have the obligation to provide relocation assistance and payments to those tenants or subtenants that qualify as "Displaced Persons" pursuant to California Relocation Assistance Laws set forth in Government Code Section 7260 et seq. and Title 25, Section 6000 et seq. of the California Code of Regulations, or similar definition or provision in any applicable federal relocation assistance law.

3.7.2 Relocation for Norwalk Boulevard Property. To the extent there are any existing tenants or subtenants on the Norwalk Boulevard Property or any portion thereof, District shall have the obligation to provide relocation assistance and payments to those tenants or subtenants that qualify as "Displaced Persons" pursuant to California Relocation Assistance Laws set forth in Government Code Section 7260 et seq. and Title 25, Section 6000 et seq. of the California Code of Regulations, or similar definition or provision in any applicable federal relocation assistance law. Agency shall have no obligation to accept the transfer of the Ground Lease for the Ground Lease Parcels unless and until District has completed or caused to be completed the relocation of all existing tenants and subtenants on the Norwalk Boulevard Property that qualify as Displaced Persons as defined in this Section. The completion of the relocation as provided herein is a Condition Precedent to Closing.

3.8 Preliminary Title Reports. No later than five (5) days after the Escrow Opening Date, Agency shall request the Escrow Agent or another title company mutually acceptable to the Agency and District to deliver to Agency a standard preliminary title report(s) for the Ground Lease Parcels, including legible copies of any documents underlying any exceptions set forth in the preliminary title report(s) and plat maps plotting all easements specified therein. No later than the expiration of the Due Diligence Period, Agency shall deliver to District and Escrow Agent written approval or disapproval of the preliminary title report(s), including any exceptions therein. Agency's failure to provide District with a written notice of approval or disapproval within said period shall constitute Agency's approval of all exceptions to title shown on the preliminary title report(s), provided District provides Agency five (5) days written notice of said failure to provide such written notice and Agency fails to terminate the Ground Lease Escrow within said five (5) day period. District shall have a period of ten (10) days after receipt of Agency's written notice disapproving items in the preliminary title report(s) in which to deliver written notice to Agency of District's election to either (i) agree to remove or cure the objected to items prior to the Ground Lease Escrow Closing Date, or (ii) decline to remove or cure any such title exceptions and terminate Escrow and this Agreement. If District notifies Agency of its election to terminate the Ground Lease Escrow rather than remove and cure the objected to items, Agency shall have the right, by written notice delivered to District within ten (10) days after Agency's receipt of District's notice electing not to remove objected items, to agree to accept the Ground Lease Parcels subject to the objected to items, in which event District's election to terminate the Escrow shall be of no effect, and Agency shall acquire the interest in the Ground Lease Parcels subject to such objected to items. The exceptions to title approved by Agency as provided herein shall hereinafter be referred to as the "Agency Permitted Title Exceptions." Agency approval of the preliminary title report(s) for the Ground Lease Parcels with Agency Permitted Title Exceptions is a Condition Precedent to Closing. Notwithstanding anything herein to the contrary, District shall remove prior to the Ground Lease Escrow Closing Date all monetary liens other than non-delinquent taxes and assessments levied against the Ground Lease Parcels

Upon the issuance of any amendment or supplement to the preliminary title report(s) which adds additional exceptions, or adds any new requirement, the foregoing rights of review and approval shall also apply to said amendment or supplement; provided, however, that Agency's initial period of review and approval or disapproval of any such additional exceptions shall be limited to ten (10) business days following Agency's and Agency's legal counsel's receipt of the instrument(s) creating such additional exceptions.

3.9 Service of Ground Lease Transfer Through Escrow. The transfer of the Ground Lease shall be serviced by the Escrow Agent.

3.9.1 Opening of Escrows. No later than thirty (30) days after the Preliminary Entitlements Approval Date or favorable Validation Action Final Judgment, whichever date is later, Agency shall open or cause to be opened the Ground Lease Escrow with Escrow Agent. The opening of the Ground Lease Escrow (the "Ground Lease Escrow Opening Date") shall be the date that this Agreement is delivered to the Escrow Agent. Escrow Agent is instructed to notify Agency and District in writing of the Escrow Opening Date promptly following the opening of Escrow.

3.9.2 Escrow Instructions. This Agreement, once deposited in the Ground Lease Escrow, shall constitute the instructions to the Escrow Agent for the Ground Lease Escrow. Additionally, if Escrow Agent so requires, Agency and District shall execute the form of escrow instructions that Escrow Agent customarily requires in real property escrows administered by it. In the event of any conflict or inconsistency between Escrow Agent's escrow instructions and the provisions of this Agreement, the provisions of this Agreement supersede and control.

3.9.3 Closing of Escrow. Closing of the Ground Lease Escrow shall occur as provided in this Agreement. The date for closing the Ground Lease Escrow (the "Ground Lease Escrow Closing Date") shall be thirty (30) days after the satisfaction of all of the Ground Lease Conditions Precedent or waiver of any and all unsatisfied Ground Lease Conditions Precedent by the Party benefiting therefrom. In no event, however, shall either District or Agency be obligated to close the Ground Lease Escrow after the Outside Closing Date. The Outside Closing Date may be extended only in a writing executed by both Agency and District. Each Party shall timely perform all acts required of it pursuant to this Agreement, and all other acts reasonably required of it, to enable Escrow Agent to close the Ground Lease Escrow pursuant to this Agreement. If the Ground Lease Escrow is not in a condition to close by the Outside Closing Date, or if the Ground Lease Escrow will close after the Outside Closing Date, a Party not then in default hereunder may elect to terminate the Ground Lease Escrow by giving written notice of such termination to the other Parties and to the Escrow Agent. No such termination shall release a Party then in default from liability for such default. Notwithstanding any other provision set forth in this Agreement to the contrary, if no Party elects to terminate the Escrow, Escrow Agent shall close the Ground Lease Escrow as soon as possible.

3.10 Conditions Precedent to Closing. The "Conditions Precedent to Closing" for purposes of this AH/F/DDA shall mean the "Ground Lease Conditions Precedent to Closing" set forth below. The closing of the Ground Lease Escrow shall be conditioned upon satisfaction of the terms and conditions set forth below.

3.10.1 Agency's Conditions. Agency's obligation to acquire the Ground Lease in the Ground Lease Parcels and proceed with the close of the Ground Lease Escrow shall be conditioned upon the satisfaction or written waiver by Agency in its sole and absolute discretion of each an every one of the conditions precedent (a) through (k) below, inclusive (collectively, the "Agency Ground Lease Conditions Precedent to Closing"), which are solely for the benefit of Agency.

(a) 166th/Moore Streets Properties. City shall have acquired or is in a position to acquire by the Ground Lease Escrow Closing Date the fee title interest to both the 166th Street Property and Moore Street Property from the third property owner.

(b) Preliminary Entitlements. All Preliminary Entitlements have been obtained as provided in Article 2 above.

(c) Final Subdivision Map. The final subdivision map or similar instrument subdividing the Norwalk Boulevard Property into the three Ground

Lease Parcels shall have been recorded or is in a position to be recorded by the Ground Lease Escrow Closing Date.

(d) Approvals. Agency shall have delivered to District and Escrow Agent written approvals for the following:

(i) The physical and environmental condition of the Ground Lease Parcels as provided in this Article 3 above.

(ii) The District Litigation Documents and assumption of litigation or risk of litigation as provided in this Article 3 above.

(iii) The condition of title for the Ground Lease Parcels with Agency Permitted Title Exceptions as provided in this Article 3.

(e) Title Policy. Escrow Agent shall be irrevocably committed to issue the title policy(ies) for the Ground Lease Parcels as provided in this Article 3.

(f) Relocation. District shall have completed or caused to be completed the relocation of all tenants and subtenants on the Norwalk Boulevard Property.

(g) Validation Action. Issuance by a court of the Validation Action Final Judgment in favor of the legality of this Agreement (or alternative agreement as may be agreed upon by the Parties pursuant to Section 2.1.2 above) and the transactions contemplated herein.

(h) IRS Certification Application. Corporation shall have applied for the IRS Certification as required in Article 2 above.

(i) Lease and Option/Purchase and Sale Agreements. City and District shall have executed the 166th/Moore Streets Properties Lease and Option Agreements.

(j) Representations and Warranties Statement. Except as otherwise permitted by this Agreement, all of District's representations and warranties concerning the Ground Lease Parcels set forth in this Agreement or in any written statement that shall be delivered to Agency by District as provided in this Agreement shall be true in all material respects on and as of the Ground Lease Escrow Closing Date as though made at that time.

(k) No Default. District is not in default of any of its material obligations as set forth in this Agreement.

(l) No Litigation. Except as may be approved by Agency in connection with the review of the District's Litigation Documents, no litigation shall be pending or threatened by any third party which seeks to enjoin the Project

or the transactions contemplated herein or obtain damages in connection with this Agreement.

3.10.2 District's Conditions. District's obligation to transfer the Ground Lease Parcels pursuant to the Ground Lease and proceed with the close of the Ground Lease Escrow shall be conditioned upon the satisfaction or written waiver by District in its sole and absolute discretion of each an every one of the conditions precedent (a) through (f) below, inclusive (collectively, the "District Ground Lease Conditions Precedent to Closing"), which are solely for the benefit of District.

(a) 166th/Moore Streets Properties. City shall have acquired or is in a position to acquire by the Escrow Closing Date the fee title interest to both the 166th Street Property and Moore Street Property from the third party owner.

(b) Preliminary Entitlements. All Preliminary Entitlements have been obtained as provided in Article 2 above.

(c) Final Subdivision Map. The final subdivision map or similar instrument subdividing the Norwalk Boulevard Property into the three Ground Lease Parcels shall have been recorded or is in a position to be recorded by the Ground Lease Escrow Closing Date.

(d) Validation Action. Issuance by a court of the Validation Action Final Judgment in favor of the legality of this Agreement (or alternative agreement as may be agreed upon by the Parties pursuant to Section 2.1.2 above) and the transactions contemplated herein.

(e) Lease and Option/Purchase and Sale Agreements. City and District shall have executed the 166th/Moore Streets Properties Lease and Option Agreements.

(f) Representations and Warranties Statement. Except as otherwise permitted by this Agreement, all of Agency's representations and warranties concerning the Ground Lease Parcels set forth in this Agreement or in any written statement that shall be delivered to District by Agency as provided in this Agreement shall be true in all material respects on and as of the Ground Lease Escrow Closing Date as though made at that time.

(g) No Default. Agency is not in default of any of its material obligations as set forth in this Agreement.

3.11 Failure to Satisfy or Waive Conditions Precedent to Closing. Failure by any Party to satisfy the Conditions Precedent to Closing shall be subject to the provisions below.

3.11.1 Agency Rights and Remedies. If any of the Agency Ground Lease Conditions Precedent to Closing are not satisfied or waived in a writing signed by Agency prior to the expiration of the applicable period for satisfaction or waiver, Agency may terminate the Escrow and this Agreement, in which event Agency and District shall each pay fifty percent

(50%) of any escrow cancellation costs, unless District is solely responsible for the failure to satisfy any of the Agency Ground Lease Conditions Precedent to Closing, in which event District shall pay all escrow cancellation costs. Upon termination as authorized in this Section, all documents and other funds, if any, delivered by one Party to another Party, or to Escrow Agent, shall be returned to the Party making delivery. In addition to Agency's right to terminate the Escrow and this Agreement as provided in this Section, Agency may assert a claim for any right or remedy Agency may have at law or in equity for District's breach or default, subject to the limitations set forth in this Agreement.

3.11.2 District Rights and Remedies. If any of the District Ground Lease Conditions Precedent to Closing are not satisfied or waived in a writing signed by District prior to the expiration of the applicable period for satisfaction or waiver, District may terminate the Escrow and this Agreement, in which event Agency and District shall each pay fifty percent (50%) of any escrow cancellation costs, unless Agency is solely responsible for the failure to satisfy any of the District Ground Lease Conditions Precedent to Closing, in which event Agency shall pay all escrow cancellation costs. Upon termination as authorized in this Section, all documents and other funds, if any, delivered by one Party to another Party, or to Escrow Agent, shall be returned to the Party making delivery. In addition to District's right to terminate the Escrow and this Agreement as provided in this Section, District may assert a claim for any right or remedy District may have at law or in equity for Agency's breach or default, subject to the limitations set forth in this Agreement.

3.12 Status Updates; Written Confirmation of Date for Closing. The Parties acknowledge that satisfaction of all Conditions Precedent to Closing may require substantial time to elapse. Upon written request by Escrow Agent delivered to Agency and District, Agency and District shall cooperate to provide and deliver to Escrow Agent a status update concerning any remaining Conditions Precedent to Closing that have not been satisfied or waived in writing as provided for in this Agreement. Upon the satisfaction or written waiver of all Conditions Precedent to Closing, Agency and District shall jointly execute and deliver written notice to Escrow Agent of the date of said satisfaction (or waiver) of all Conditions Precedent to Closing. Nothing in this Section shall be cause for terminating this Agreement or finding any Party hereto in default. It is expressly understood and agreed by the Parties that the provisions in this Section are solely meant to be for the convenience of the Escrow Agent and for no other purpose.

3.13 Execution by Agency and Delivery to District of Documents. Upon the satisfaction or written waiver of all Conditions Precedent to Closing as provided for in this Agreement, Agency shall execute the following documents: (i) no less than two (2) originals of the Ground Lease; (ii) no less than two (2) originals of the Regulatory Agreement in recordable form; (iii) no less than two (2) originals of the Memorandum of Agreement in recordable form for each separate legal parcel subject to this Agreement; (iv) no less than two (2) originals of the Memorandum of Ground Lease in recordable form for each of the Ground Lease Parcels; (v) no less than two (2) originals of the 166th Street Property Lease and Option Agreement; and (vi) no less than two (2) originals of the Moore Street Property Lease and Option Agreement. Agency shall deliver to District the executed documents listed in the previous sentence no later than fifteen (15) days after the satisfaction or written waiver of all Conditions Precedent to Closing. District shall thereafter execute said documents listed above prior to the date said documents are to be delivered to Escrow Agent as provided in this Agreement.

3.14 Delivery of Documents to Close Ground Lease Escrow. Delivery of deposits and documents for the closing of the Ground Lease Escrow shall be as provided below.

3.14.1 District Obligations. Subject to Agency compliance with Section 3.13 above, no later than 12:00 o'clock noon on the last business day immediately preceding the Ground Lease Escrow Closing Date, District shall deliver to Escrow Agent the following:

(a) Two (2) fully executed originals and one photo copy of the Ground Lease, which executed originals shall be delivered to Agency and District upon close of the Ground Lease Escrow and the photo copy shall be retained by Escrow Agent for Escrow Agent's records.

(b) Two (2) fully executed originals of the Regulatory Agreement in recordable form.

(c) Two (2) fully executed originals of the Memorandum of Agreement in recordable form for each of the three (3) Ground Lease Parcels, the 166th Street Property, and Moore Street Property.

(d) Two (2) fully executed originals of the Memorandum of Ground Lease in recordable form for each of the three (3) Ground Lease Parcels.

(e) Fully executed originals of the 166th Street Property Lease and Option Agreement.

(f) Fully executed originals of the Moore Street Property Lease and Option Agreement.

(g) Any and all additional funds, instruments, or other documents required from Agency (executed and acknowledged if appropriate) as may be necessary in order for the Escrow Agent to comply with the provisions of this Agreement.

3.14.2 Agency Obligations. No later than 12:00 O'clock noon on the last business day immediately preceding the Ground Lease Escrow Closing Date, Agency shall deliver to Escrow Agent the following:

(a) Any and all funds, instruments, or other documents required from District (executed and acknowledged if appropriate) as may be necessary in order for the Escrow Agent to comply with the provisions of this Agreement.

3.15 Recording of Documents and Procedure for Closing Escrow. Escrow Agent shall close the Ground Lease Escrow as set forth below.

(a) If not previously recorded, record the final subdivision map or similar instrument for the Norwalk Boulevard Property, which subdivides the Norwalk Boulevard Property into the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel.

(b) Record the Memorandum of Ground Lease for the Senior Affordable Residential Complex Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(c) Record the Regulatory Agreement with instructions to the Recorder's Office to deliver said Regulatory Agreement to Agency and conformed copy thereof to District.

(d) Record the Memorandum of Agreement for the Senior Affordable Residential Complex Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(e) Record the Memorandum of Ground Lease for the Senior Center Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(f) Record the Memorandum of Agreement for the Senior Center Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(g) Record the Memorandum of Ground Lease for the Park Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(h) Record the Memorandum of Agreement for the Park Parcel with instruction to the Recorder's Office to deliver said Memorandum to Agency and conformed copy thereof to District.

(i) Deliver one (1) fully executed original of the Ground Lease to Agency.

(j) Deliver one (1) fully executed original of the Ground Lease to District.

(k) Retain one (1) fully executed photo copy of the Ground Lease for Escrow Agent's records.

(l) Record the 166th Street Property Lease and Option Agreement against the 166th Street Property with instructions to Recorder's Office to deliver said Agreement to City and conformed copy to District.

(m) Record the Moore Street Property Lease and Option Agreement against the Moore Street Property with instruction to Recorder's Office to deliver said Agreement to City and conformed copy to District.

(n) Deliver the title policy(ies) issued by Escrow Agent for the Ground Lease Parcels to Agency.

(o) Deliver to Agency and District the settlement statement evidencing Agency's and District's share of the Ground Lease Escrow Costs as set forth in this Agreement.

3.16 Costs of Escrow; Document Transfer and Other Fees. Agency shall pay the customary and usual escrow fees charged by Ground Lease Escrow Agent in connection with the Ground Lease Escrow (the "Ground Lease Escrow Costs"). Escrow Agent shall prepare a settlement statement for the Escrow. Agency shall pay costs incurred (if any) for the drawing of deeds, recording fees, notary fees, and any state, county, or local documentary transfer fee. Agency shall pay its own attorney's fees incurred by the preparation and review of this Agreement, and its attorney's review of the property transactions contemplated in Article 3 of this Agreement. District shall pay its own attorney's fees incurred by the preparation and review of this Agreement, and its attorney's review of the property transactions contemplated in Article 3 of this Agreement.

3.17 Real Property Taxes. District shall pay on the Ground Lease Closing Date all delinquent and non-delinquent real property taxes and assessments (if any) for the Norwalk Boulevard Property and/or Ground Lease Parcels. Agency or District may apply for a refund for that portion of taxes and assessments allocated to any period after the applicable closing date for the Escrow, in accordance with the applicable provisions of the Revenue and Taxation Code.

3.17.1 Title Insurance Policies. At the Ground Lease Escrow Closing Date, Escrow Agent shall issue and deliver to Agency a California Land Title Association (CLTA) owner's policy(ies) of title insurance (together with any endorsements approved by Agency) insuring Agency for the leasehold estate in the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel, subject only to the Agency Permitted Title Exceptions and in the amount of Sixty Million Dollars ($60,000,000). District shall bear the cost of the title policy(ies) insuring title to the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel in the amount and subject to the permitted title exceptions as stated in this Section. Agency shall bear the cost of any non-standard title policy endorsements, and any additional coverage to cover the cost of the Improvements to be constructed or installed after the Ground Lease Escrow Closing Date.

3.18 Representations and Warranties of the Parties. Agency and District make the following representations and warranties in connection with the transfer of the interest in the Ground Lease.

3.18.1 Agency Representations and Warranties. Agency hereby makes the following representations and warranties for the benefit of District, and District's successors and assigns, and acknowledges that the execution of this Agreement by District has been made and the transfer of the ground lease interest in the Ground Lease Parcels will have been made in material reliance upon said representations and warranties:

(a) Agency is a redevelopment agency duly established by action of the City Council and exercising governmental functions and powers pursuant to the CRL.

(b) The Agency has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by the Agency in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who, on behalf of the Agency, have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of the Agency and all actions required under Agency's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

(c) This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of Agency enforceable against it in accordance with their respective terms.

(d) To Agency's knowledge and except as may be disclosed to District in writing, Agency's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Agency, or any provision of the organizational documents of Agency, or will conflict with or constitute a breach of or a default under any agreement to which Agency is a party, or will result in the creation or imposition of any lien upon any assets or property of Agency, other than liens established pursuant hereto.

(e) Each of the foregoing representations and warranties by Agency shall be deemed to be an ongoing representation and warranty, and shall be true and correct on the Effective Date and on the Escrow Closing Date. The Agency shall advise the District in writing if there is any change pertaining to any matters set forth or referenced in the foregoing representations and warranties. Liability for a breach of any representation and warranty herein above shall survive the Escrow Closing Date, and District's damages resulting from misrepresentation or breach of representation or warranty by Agency shall include all loss, damage, liability, or expense, including court costs and reasonable attorney's fees. In addition to any other indemnity provided in this Agreement, Agency shall indemnify, defend, and hold harmless District from any and all loss, damage, liability, or expense, including court costs and reasonable attorney's fees, which District may reasonably incur after the Escrow Closing Date by reason of or in connection with any misrepresentation made by Agency contained in the above Subsections.

3.18.2 District Representations and Warranties. District hereby makes the following representations and warranties for the benefit of Agency, and Agency's successors and assigns, and acknowledges that the execution of this Agreement by Agency has been made and the transfer of the ground lease interest in the Ground Lease Parcels will have been made in material reliance upon said representations and warranties:

(a) The District has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by the District in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who, on behalf of the District, have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of the District and all actions required under District's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

(b) This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of District enforceable against it in accordance with their respective terms.

(c) To District's knowledge and except as may be disclosed to Agency in writing, District's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on District, or any provision of the organizational documents of District, or will conflict with or constitute a breach of or a default under any agreement to which District is a party, or will result in the creation or imposition of any lien upon any assets or property of District, other than liens established pursuant hereto.

(d) Except as indicated in District's Environmental Documents and Litigation Documents delivered to Agency, there are no pending or threatened claims, allegations or lawsuits of any kind, whether for personal injury, property damage, landlord tenant disputes, property taxes or otherwise, that could adversely affect the operation or value of the Norwalk Boulevard Property or prohibit the ground lease thereon, nor is there any governmental investigation of any type or nature, pending or threatened, against or relating to the Norwalk Boulevard Property or the transactions contemplated hereby.

(e) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or threatened against the District or any parties affiliated with District, nor are any of such proceedings contemplated by District or any parties affiliated with District that would adversely impact the transaction contemplated herein.

(f) There are no tenants, subtenants, or licensees on the Norwalk Boulevard Property, and there are no current or enforceable leases, subleases, or licenses for use, whether written or oral, that would authorize any person or entity to use and enjoy or have a possessory interest in the Norwalk Boulevard Property.

(g) To District's knowledge, all utilities, including without limitation water, sewer, gas, electric, telephone, and drainage facilities required by law, or for the normal use and operation of the Norwalk Boulevard Property, are installed to the property lines of the Norwalk Boulevard Property.

(h) The close of the Ground Lease Escrow will not constitute or result in any default or event that with notice or the lapse of time, or both, would be a default, breach or violation of any lease, mortgage, deed of trust, or other agreement, instrument, or arrangement by which District or the Norwalk Boulevard Property are bound.

(i) Except as may be disclosed by District's Environmental Documents, and to the best of District's knowledge, District represents and warrants that there are no Hazardous Materials on any part of the Norwalk Boulevard Property, or any on-site spills, releases, discharges, or disposal of Hazardous Materials which have occurred, or are presently occurring, on any part of the Norwalk Boulevard Property, or on any property immediately adjoining the Norwalk Boulevard Property, or of any spills or disposal of Hazardous Materials that have occurred or are presently occurring on the Norwalk Boulevard Property as a result of District's activities.

(j) Each of the foregoing representations and warranties by District shall be deemed to be an ongoing representation and warranty, and shall be true and correct on the Effective Date and on the Escrow Closing Date. The District shall advise the Agency in writing if there is any change pertaining to any matters set forth or referenced in the foregoing representations and warranties. Liability for a breach of any representation and warranty herein above shall survive the Escrow Closing Date, and Agency's damages resulting from misrepresentation or breach of representation or warranty by District shall include all loss, damage, liability, or expense, including court costs and reasonable attorney's fees. In addition to any other indemnity provided in this Agreement, District shall indemnify, defend, and hold harmless Agency from any and all loss, damage, liability, or expense, including court costs and reasonable attorney's fees, which Agency may reasonably incur after the Escrow Closing Date by reason of or in

connection with any misrepresentation made by District contained in the above Subsections.

3.19 Rights and Remedies for Failure to close Escrow. In the event that the Ground Lease Escrow fails to close due to an Event of Default by a Party hereto, then the other Parties hereto shall have the right to pursue any right or remedy available at law or in equity, including but not limited to specific performance but excluding consequential damages. In the event Escrow fails to close by reason of District's failure to timely perform its obligations under this Agreement, Agency shall have the right to pursue and collect from District payment for no less than one-half (1/2) of the costs incurred by Agency and/or City for "Predevelopment Activities" contracted for and performed in connection with the Cuesta Villas Project Eligible Expenses and Public Improvements. In the event Escrow fails to close by reason of Agency's failure to timely perform its obligations under this Agreement, District shall have the right to pursue and collect from Agency payment for no less than one-half (1/2) of the costs incurred by District for "Predevelopment Activities" contracted for and performed in connection with the Cuesta Villas Project Eligible Expenses and Public Improvements. In no event, however, shall any Party have the right to pursue any remedy against any other Party for failure to close Escrow due to any Termination Contingency.

3.20 Payment of Broker Fees. Agency, Corporation, and City, and their respective officers, officials, employees, representative, agents, and volunteers shall have no obligation and no liability to pay any real estate commission, finder's fee, broker's fee or any similar charge by any name whatsoever arising from, relating to, or in any way connected with the transactions contemplated by this Agreement, including the transfer from District to Agency of the Norwalk Boulevard Property/Ground Lease Parcels, and the lease, option to purchase, purchase and sale, or any other transfer of a real property interest from City to District for the 166th Street Property and/or Moore Street Property. District shall indemnify, defend, and hold harmless Agency, City, and Corporation, and their respective officers, officials, employees, representatives, agents, and volunteers from and against any allegations of or losses or liabilities arising from, relating to, or in any way connected with, any claim by any broker, agent or finder for any commission, fee or other compensation in connection with such transactions. The indemnities set forth in this Section shall survive the Escrow Closing Date and the termination of this Agreement.

3.21 Termination Contingencies. Notwithstanding any provision in this Agreement to the contrary, any Party shall have the right to terminate this Agreement, and the Parties shall bear their respective costs incurred (including attorney's fees) up until the time of termination, if any of the following events occur (each, a "Termination Contingency") at any time during the Term Of Agreement:

(a) The IRS does not provide to Corporation the IRS Certification.

(b) Two (2) years have elapsed since the Effective Date and Corporation has not received the IRS Certification.

(c) The California Franchise Tax Board does not provide to Corporation the Franchise Tax Board Certification.

(d) Two and one-half (2-1/2) years have elapsed since the Effective Date and Corporation has not received the Franchise Tax Board Certification.

(e) Any state or county official responsible for property tax collection determines that District's real property interest in the Ground Lease Parcels (or any portion thereof) is not exempt from ad valorem property taxation.

(f) Any state or county official responsible for property tax collection determines that Agency's or Corporation's real property interest in the Ground Lease Parcels (or any portion thereof) is not exempt from ad valorem property taxation.

(g) Failure to obtain a favorable Validation Action Final Judgment and expiration of the meet and confer period as provided in Article 2.

(h) Failure to obtain any Preliminary Entitlement and expiration of the meet and confer period as provided in Article 2.

3.22 Notice of Termination Contingency; Party Obligations. In the event that any Party elects to terminate this Agreement upon the occurrence of a Termination Contingency, the terminating party shall deliver written notice of its election to terminate to the other Parties. This Agreement shall not terminate until ninety (90) days after the delivery of said notice, during which time the Parties shall meet and confer in good faith to attempt to resolve the reason for the Termination Contingency, unless the Termination Contingency is because of the failure to obtain a favorable Validation Action Final Judgment or failure to obtain all Preliminary Entitlements, in which case the meet and confer obligations shall be as specified in Article 2 of this Agreement. The Parties may in their reasonable discretion extend the ninety (90)-day meet and confer period set forth in this Section by written extension thereof executed by all Parties. In the event that the Parties do not successfully resolve the reason(s) for the occurrence of the Termination Contingency after the expiration of the ninety (90)-day period (or extension thereof), this Agreement shall terminate and the Parties shall have no further obligations to each other. Additionally, in the event that District has transferred to Agency the Ground Lease or Agency has assigned the Ground Lease to Corporation, Agency or Corporation shall have the right to terminate the Ground Lease whereupon District's interest in the 166th/Moore Streets Properties (whether leasehold or fee interest) shall be rescinded, and District shall have the right to re-possess the Ground Lease Parcels, and City shall have the right to re-possess (or in the event fee title was conveyed, a right of reverter) to the 166th/Moore Streets Properties. The Parties shall bear their own respective costs (including attorney's fees and relocation costs) incurred after the election to terminate this Agreement and/or enforcement of the termination of this Agreement pursuant to the occurrence of a Termination Contingency.

3.23 Condition of Title for Ground Lease Parcels. On the Ground Lease Closing Date, the only exceptions to Agency's title to the Ground Lease Parcels other than current non-delinquent real property taxes and assessments shall be (i) the Agency Permitted Title Exceptions; (ii) such title exceptions as may have been caused or created by Agency, either voluntarily or involuntarily (e.g., as a result of Agency's exercise of its Right of Entry); (iii) the Memorandum of Agreement; (iv) the Memorandum of Ground Lease; (v) the Regulatory

Agreement; (vi) such exceptions to title that appear as the standard printed conditions and exceptions contained in the standard CLTA owner's policy(ies) of title insurance for the leasehold estate in the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel as issued by Escrow Agent; and (vii) such other exceptions to title as may be approved in writing by Agency in its sole and absolute discretion. District at its expense shall remove or cause to be removed all other recorded and unrecorded liens, encumbrances, and exceptions to title at or prior to the Ground Lease Closing Date.

3.24 Possession. Possession of the Ground Lease Parcels shall be delivered by District to Agency upon the Escrow Closing Date as provided for in the Ground Lease. Agency shall provide for the immediate subleasing back of the Ground Lease Parcels to District in accordance with the Ground Lease. Possession of the 166th/Moore Streets Properties shall be delivered by City to District upon the Escrow Closing Date. District shall not use or occupy the 166th/Moore Streets Properties or Improvements thereon until the City has issued all Notices of Completion of Construction and Certificates of Occupancy for the Public Improvements on the 166th/Moore Streets Properties, and the Temporary Sublease Term has expired as provided in the Ground Lease.

ARTICLE 4. PUBLIC IMPROVEMENTS ON 166th/MOORE STREETS PROPERTIES.

4.1 Scope of Public Improvements. The Public Improvements on the 166th/Moore Streets Properties shall consist of the Office Public Improvements and Kitchen/Warehouse Public Improvements. The Office Public Improvements shall consist of the Predevelopment Activities, construction, and rehabilitation of the office building located on the 166th Street Property to accommodate the use of the office building as the District's administrative offices. The Kitchen/Warehouse Public Improvements shall consist of the Predevelopment Activities, construction, and rehabilitation of the warehouse facility on the Moore Street Property to serve as District's storage warehouse and central kitchen facility for the providing of meals to schools within the jurisdictional boundary of District. "Construction and rehabilitation" shall include but not be limited to any and all seismic retrofitting, physical additions to existing structures, rehabilitation of interior and exterior structures, and remodeling of the existing office building and warehouse structures. "Predevelopment Activities" shall include but not be limited to any and all architectural, engineering, environmental review, geotechnical review, and related consulting services necessary and proper to effectuate the construction and rehabilitation of the office building and warehouse facility on the 166th/Moore Streets Properties. Work completed for the Public Improvements shall be consistent with the Scope of Work.

4.2 Performance of Work for Public Improvements. Subject to the terms and conditions of this Agreement, Agency shall cause to be performed the Public Improvements on the 166th/Moore Streets Properties by contractor(s) awarded through public bidding procedures. Agency shall comply with all public bidding requirements under applicable law, including but not limited to applicable provisions of the Public Contract Code. In addition, Agency shall solicit bids and approve a bid for the contract of the Public Improvements as provided herein.

4.2.1 Conditions Precedent to Agency Obligations. Agency's obligation to cause the performance of the Public Improvements and commence public bidding procedures for the Public Improvements is conditioned upon the satisfaction or written waiver by Agency of each and every one of the following conditions precedent, described below as the "Public Improvements Conditions Precedent," which are solely for the benefit of Agency:

(a) The Ground Lease Escrow has closed.

(b) District and Agency have executed the Ground Lease and the Memorandum of Ground Lease has been executed and recorded against the Ground Lease Parcels.

(c) District has executed the 166th/Moore Streets Properties Lease and Option Agreements, and the 166th/Moore Streets Properties Lease and Option Agreements have been recorded in the Recorder's Office.

(d) District is not in default of this Agreement.

(e) Corporation has received the IRS Certification.

4.2.2 Preparation of Bid Documents. Agency shall prepare at its own cost and expense all necessary drawings, bid documents, requests for proposals, and related materials (the "Bid Documents") necessary to obtain construction proposals for the Public Improvements on the 166th/Moore Streets Properties that will substantially conform with the Site Plan for the 166th/Moore Streets Properties. The Bid Documents shall specify the cut-off date by which all bids must be received. All architects, engineers, and related professionals engaged by Agency shall be knowledgeable and experienced in the preparation, construction, rehabilitation, and remodel of the type of improvements specified for the Public Improvements on the 166th/Moore Streets Properties. Agency shall cooperate with District in the preparation of the Bid Documents, and District shall provide information it deems necessary or appropriate for the intended use of the Public Improvements, provided that Agency shall have the final decision as to the information to be included in the Bid Documents.

4.2.3 Date of Issuance. Agency shall issue the Bid Documents no later than forty-five (45) days after the later of: (a) satisfaction or written waiver of all Public Improvements Conditions Precedent, or (b) the date of completion of the relocation of a sufficient number of existing tenants and subtenants on the 166th/Moore Streets Properties so as to allow for the Public Improvements to proceed.

4.2.4 Selection of Contractor. Agency shall seek and obtain bids from qualified contractors. Agency shall select the contractor(s) with the lowest responsive and responsible bid no later than forty-five (45) days after cut-off date to receive bids (subject to extension by any applicable law); provided, however, that Agency shall have the right to deny all bids if no bid submitted is for an amount that is less than or equal to the Maximum Agency Obligation for Public Improvements. In the event that Agency denies all bids pursuant to the preceding sentence, Agency shall have the right to revise the Site Plan for the 166th/Moore Streets Properties and re-issue Bid Documents as provided below. When Agency either selects a

bid or denies all bids as provided for herein, Agency shall deliver written notice to District, and if Agency selects a bid, Agency shall disclose the bid amount.

4.2.5 Denial of All Bids and Re-solicitation. In the event that Agency denies all bids as authorized in this Agreement, this Agreement shall not terminate. Agency shall prepare at its own cost and expense a revised Site Plan for the 166th/Moore Streets Properties that will allow for a reduction in costs for the construction of the Public Improvements. Agency shall complete or cause to be completed the revised Site Plan for the 166th/Moore Streets Properties no later than sixty (60) days after delivery to District of Agency's election to deny all bids. District shall have the right to review the revised Site Plan for the 166th/Moore Streets Properties. No later than thirty (30) days after the date of delivery of the proposed revisions to District, District shall approve or disapprove the revised Site Plan for the 166th/Moore Streets Properties by delivering to Agency written notice thereof. If District fails to deliver to Agency written approval or disapproval within the thirty (30) day period, District shall be deemed to have approved the revised Site Plan for the 166th/Moore Streets Properties as proposed by Agency, and Agency shall have the conclusive right to proceed with the preparation of revised Bid Documents and re-solicitation of bids according to the Agency's revised Site Plan for the 166th/Moore Streets Properties. If District timely delivers written disapproval of Agency's revised Site Plan for the 166th/Moore Streets Properties, District shall have the right to prepare at District's own cost and expense an alternative Site Plan for the 166th/Moore Streets Properties for consideration by Agency. District shall complete or cause to be completed and delivered to Agency the District's alternative Site Plan for the 166th/Moore Streets Properties within sixty (60) days of delivery of its written disapproval of Agency's revised Site Plan for the 166th/Moore Streets Properties. No later than thirty (30) days after delivery to Agency of District's alternative Site Plan for the 166th/Moore Streets Properties, Agency shall either: (i) disapprove District's alternative Site Plan for the 166th/Moore Streets Properties and proceed with re-solicitation of bids for the Public Improvements as set forth in the original Site Plan for the 166th/Moore Streets Properties as of the Effective Date; or (ii) approve District's alternative building plans as long as District pays according to the provisions of this Agreement for the additional costs and expenses (if any) in excess of the Maximum Agency Obligation for Public Improvements. In the event that Agency fails to deliver to District within the thirty (30) day period written approval or disapproval of District's alternative Site Plan for the 166th/Moore Streets Properties, Agency shall be deemed to have approved District's alternative Site Plan for the 166th/Moore Streets Properties subject to the District's cost-allocation in clause (ii) above. If District approves Agency's revised Site Plan for the 166th/Moore Streets Properties, or Agency approves District's alternative Site Plan for the 166th/Moore Streets Properties as provided in this Section, then Agency shall proceed with re-soliciting bids and producing revised Bid Documents to be issued for the approved revised or alternative Site Plan for the 166th/Moore Streets Properties. In the event that a dispute arises among the Parties concerning the approval or disapproval of revised or alternative Site Plans for the 166th/Moore Streets Properties as prescribed in this Section, none of the Parties shall have the right to terminate this Agreement, and the Parties hereby expressly agree that the sole remedy for any such dispute shall be a requirement that the Public Improvements be completed in accordance with the original Site Plan for the 166th/Moore Streets Properties as of the Effective Date, Agency shall re-solicit bids and re-prepare Bid Documents based on the original Site Plan for the 166th/Moore Streets Properties, and payment of costs for the Public Improvements shall be allocated as provided in Section 4.2.6 below.

4.2.6 Cost Allocation for Public Improvements. Costs of the Public Improvements shall be allocated between Agency and District as follows:

(a) Agency shall pay one hundred percent (100%) of the costs for the Public Improvements up to the Maximum Agency Obligation for Public Improvements.

(b) District shall pay one hundred percent (100%) of the costs for the Public Improvements in excess of the Maximum Agency Obligation for Public Improvements and up to the amount that is ten percent (10%) thereof. In explanation of the foregoing, if the Maximum Agency Obligation for Public Improvements is Four Million Dollars ($4,000,000.00), District shall pay for all costs between Four Million Dollars and One Cent ($4,000,000.01) and Four Million Four Hundred Thousand Dollars ($4,400,000.00) ($4,000,000.00 x 10% = $400,000.00; $4,000.000.00 + $400,000.00 = $4,400.000.00).

(c) Agency and District shall each pay fifty percent (50%) of the costs for the Public Improvements that exceed the amount that is ten percent (10%) in excess of the Maximum Agency obligation for Public Improvements. In explanation of the foregoing, if the Maximum Agency Obligation for Public Improvements is Four Million Dollars ($4,000,000.00), and the total costs is Four Million Five Hundred Thousand Dollars, Agency and District shall each pay, in addition to their other obligations herein, Fifty Thousand Dollars ($50,000.00) ($4,500,000 - $4,400,000= $100,000; $100,000 x 50% = $50,000).

(d) The term "costs" as used in this Section 4.2.6 shall include any and all cost-overruns from the awarded contractor(s) bid price.

4.2.7 Bonds for Performance of Contractors. Agency shall cause the general contractor for the awarded bid to secure any and all performance and payment bonds as may be required by law. Prior to commencement of construction of the Public Improvements, the general contractor shall furnish Agency with a contractor's performance bond in an amount not less than one hundred percent (100%) of the costs for the Public Improvements and a payment bond guaranteeing contractor's completion of those Public Improvements free from liens of materialmen, contractors, subcontractors, mechanics, laborers, and other similar liens. Said bonds shall be issued by a responsible surety company, licensed to do business in California, and with a financial strength and credit rating acceptable to Agency and shall remain in effect until the entire costs for the Public Improvements shall have been paid in full. Any such bonds shall be in a form reasonably satisfactory to Agency and its legal counsel.

4.3 Payment of Costs for Public Improvements. Subject to the allocation of costs as provided in this Article, Agency shall pay the contractor(s) for the costs of the Public Improvements, and District shall reimburse Agency for costs paid by Agency that have been allocated to District.

4.3.1 Payment for Work Completed. Subject to the terms and conditions of this Agreement, Agency shall pay the costs for the Public Improvements when due pursuant to

the terms and conditions of any contract with the contractor(s) awarded the bid to perform the Public Improvements; provided, however, that all contracts with any contractor(s) awarded the bid to perform the Public Improvements shall require the contractor(s) to complete no less than fifty percent (50%) of the physical construction of the Public Improvements prior to Agency having any obligation to pay the contractor(s) for fifty percent (50%) of the awarded contract price, and subject to the satisfaction and approval by Agency or City designee of the construction work completed; provided, further, that all contracts with any contractor(s) awarded the bid shall allow Agency to retain ten percent (10%) of the total awarded contract price for the completion of the Public Improvements for final review and approval by Agency or City designee for the completion of the construction work for the Public Improvements. Agency's or City's designee shall not unreasonably withhold any approval required pursuant to this Section. In the event that a contract with the contractor(s) awarded the bid does not specify when payment shall be made, Agency shall pay no more frequently that once every thirty (30) days the amount of costs actually incurred by the contractor(s) for work actually completed for the Public Improvements. Agency shall require that any costs for which the awarded contractor(s) seeks payment shall be supported by itemized statements, invoices, and such other information as may be required to document and substantiate the costs for payment of the Public Improvements.

4.3.2 Maximum Agency Obligation for Public Improvements. Unless Agency expressly consents in writing to a higher amount, the maximum amount for which Agency shall be obligated to pay for the costs of the Public Improvements shall be Four Million Dollars ($4,000,000.00) (the "Maximum Agency Obligation for Public Improvements").

4.3.3 Reimbursement by District for Excess Costs. District shall be obligated to reimburse Agency for any amounts in excess of the Maximum Agency Obligation for Public Improvements that have been allocated to District pursuant to Section 4.2.5. In the event that District has an obligation to pay for costs of Public Improvements, Agency shall pay on behalf of District to the awarded contractor(s) the costs for the Public Improvements, and Agency shall thereafter deliver to District written notice and any supporting documents (such as itemized statements and invoices from the awarded contractor(s)) of the amount that District must reimburse Agency for the costs in excess of the Maximum Agency Obligation for Public Improvements. District shall deliver to Agency reimbursement for costs incurred in excess of the Maximum Agency Obligation for Public Improvements no later than sixty (60) days after delivery by Agency of the notice and supporting documents for said reimbursement amount. District acknowledges and agrees that District shall reimburse Agency in accordance with the cost allocation provisions set forth in Section 4.2.6 for any and all installment payments when those payment become due to the awarded contractor(s) that are in excess of the Maximum Agency Obligation for Public Improvements.

4.4 Source of Funds. The source of funds for Agency's payment of the Public Improvements shall be from tax increment revenue received by Agency pursuant to the CRL and any other funds available to Agency for that purpose.

4.5 Compliance with Laws. Agency shall cause the Public Improvements on the 166th/Moore Streets Properties to be completed in conformity with all applicable laws and regulations, including but not limited to all applicable federal and state fair labor standards, and prevailing wage requirements.

4.6 Permits and Entitlements. Agency shall have the obligation for obtaining all necessary Entitlements for the completion of the Public Improvements. District shall cooperate with Agency when necessary or proper for Agency to obtain any Entitlement for the completion of the Public Improvements.

4.7 Consistency with Approved Plans. The Public Improvements shall be completed in substantial compliance with the Site Plan for the 166th/Moore Streets Properties or any approved revised Site Plans or alternative Site Plans for the 166th/Moore Streets Properties as provided for in this Article, whichever is applicable. In the event of any inconsistency between the Site Plans or revised Site Plans or alternative Site Plans for the 166th/Moore Streets Properties and any finalized building plans and entitlements approved by City or other governmental agency having jurisdiction over the Public Improvements, then the City-approved and other governmental agency-approved building plans and entitlements shall control.

4.8 Schedule of Performance. After the award of bid, the dates for the commencement and completion of the physical construction of the Public Improvements shall be according to the Schedule of Performance.

4.9 Insurance. From the date of award of the bid until the completion of the Public Improvements, Agency shall cause the general contractor awarded the bid for the Public Improvements to procure and maintain in form and content satisfactory to Agency and District the following insurance:

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements;

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate for bodily injury and property damager, including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

All of the policies of insurance required of the general contractor for the Public Improvements shall be primary insurance and, except for the Workers Compensation insurance, shall name City, Agency and District and respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City, Agency and District and respective officers, employees, and agents, and City's, Agency's and District's respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior

written notice to City, Agency and District. In the event that any of the insurance policies required in this Section is canceled, Agency shall cause the general contractor awarded the bid to stop work on the Public Improvements until such time as the general contractor procures and maintains new insurance that complies with the requirements set forth in this Section. Agency shall obtain from the general contractor awarded the bid evidence of insurance no later than thirty (30) days after the award of the bid and shall obtain new evidence of insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon District's written request, Agency shall deliver to District any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Agency may satisfy the insurance requirements herein by securing from the general contractor awarded the bid evidence satisfactory to Agency (in its sole and absolute discretion) that said contractor has a self-insurance program that provides no less than the minimum insurance requirements in this Section, and said contractor maintains the self-insurance program for the duration of the work on the Public Improvements.

4.10 Date of Completion of Public Improvements. The completion of the Office Public Improvements shall occur and be evidenced by the issuance by City of a Certificate of Occupancy for the use and occupancy of the Office Public Improvements. The completion of the Kitchen/Warehouse Public Improvements shall occur and be evidenced by the issuance by City of a Certificate of Occupancy for the use and occupancy of the Kitchen/Warehouse Public Improvements.

4.11 Authorized Use of Public Improvements; Restrictive Covenants. The Public Improvements shall be used in accordance with the 166th/Moore Streets Properties Lease and Option Agreements. If District has exercised the Options to purchase the 166th/Moore Streets Properties pursuant to the 166th/Moore Streets Properties Lease and Option Agreements prior to the completion of all Public Improvements, then District shall execute and have recorded in the Recorder's Office covenants (in a form approved by Agency's legal counsel) that reasonably restrict use of the 166th Street Property for District's administrative offices and use of the Moore Street Property for District's kitchen and warehouse facility for a period of no less than five (5) years after completion of all Public Improvements.

4.12 Nondiscrimination. In addition to any other nondiscrimination provisions applicable to the 166th/Moore Streets Properties under federal, state, or local law, the following nondiscrimination provisions apply:

(a) District by and for itself and any successors in interest shall refrain from restricting the rental, sale, or lease of the 166th/Moore Streets Properties and Public Improvements thereon on 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, as all enacted at the time of the Effective Date.

(b) Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older

persons, as defined in Section 12955.9 of the Government Code, as enacted at the time of the Effective Date. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, as enacted at the time of the Effective Date, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, as enacted at the time of the Effective Date, shall apply to subsection (a) above.

4.13 Nondiscrimination Covenants in Real Property Documents. All such deeds, leases or contracts pertaining to the 166th/Moore Streets Properties and the Public Improvements thereon shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

4.13.1 Deeds. In deeds, language shall appear in substantially the following form:

(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 land herein conveyed, nor shall the grantee 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, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

4.13.2 Leases. In leases, language shall appear in substantially the following form:

(a) "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:

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."

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

4.13.3 Contracts. In contracts pertaining to the realty, language shall appear in substantially the following form:

(a) "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, nor shall the transferee 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, subtenants, sublessees or vendees of the premises."

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

ARTICLE 5. RELOCATION OF DISTRICT ADMINISTRATIVE OFFICES AND FACILITIES.

5.1 Relocation Payments by Agency. Subject to the terms and conditions of this Agreement, Agency shall pay for the Eligible Relocation Expenses not to exceed the Maximum Relocation Payment.

5.1.1 Maximum Relocation Payment. The Maximum Relocation Payment shall be the lesser of: (a) the average of all responsive and responsible bids submitted to District in response to its solicitation for public bids are required pursuant to Section 5.3 below; or (b) One Million Dollars ($1,000,000.00).

5.1.2 Reimbursement for District Employee Overtime. In addition to Agency's reimbursement obligation set forth in Sections 5.1 and 5.1.1 above, Agency shall reimburse District in an amount not to exceed Ten Thousand Dollars ($10,000.00) for any overtime costs incurred as a result of District's employees performing Eligible Relocation Activities.

5.2 Conditions Precedent to Relocation Payments. Agency's obligation to pay for Eligible Relocation Expenses is conditioned upon the satisfaction or written waiver by Agency of each and every one of the following conditions precedent, described below at the "Relocation Conditions Precedent," which are solely for the benefit of Agency:

(a) Public Improvements Conditions Precedent. Each and every Public Improvement Condition Precedent has been satisfied or waived in writing.

(b) Completion of Kitchen/Warehouse Public Improvements. The Kitchen/Warehouse Public Improvements have been completed as defined in Article 4 of this Agreement prior to any relocation activity taken in connection with the Moore Street Property and/or kitchen and warehouse facilities.

(c) Completion of Office Public Improvements. The Office Public Improvements have been completed as defined in Article 4 of this Agreement prior to any relocation activity taken in connection with the 166th Street Property and/or District administrative offices.

5.3 District Responsible for Relocation. District shall be responsible for the physical moving and relocation of District movable property from the Ground Lease Parcels during the Temporary Sublease Term to the 166th/Moore Streets Properties. District shall solicit no less than three (3) public bids for the contract to perform the Eligible Relocation Activities, and District shall award said contract to the lowest responsive and responsible bid. District shall deliver to Agency upon Agency request all bids submitted in response to solicitation of contract for Eligible Relocation Activities and shall deliver to Agency written confirmation of the awarded contractor(s) and Maximum Relocation Payment.

5.3.1 Compliance with Schedule of Performance. Subject to Agency's timely performance to cause the completion of the Public Improvements as set forth in this Agreement,

District shall complete or cause to be completed the physical moving and relocation of District movable property in accordance with the Schedule of Performance.

5.3.2 Agency Right to Enter and Inspect. Agency hereby reserves, and District hereby grants, a right of entry to Agency and its officers, officials, employees, and agents, commencing on the date on which all Relocation Conditions Precedent have been satisfied (or waived in writing by Agency) until the Relocation Completion Date for the purpose of monitoring the progress of and ensuring the timely completion of the relocation as authorized in this Article 5. Pursuant to said right of entry, Agency shall have the right to inspect the Ground Lease Parcels and the 166th/Moore Streets Properties to ensure costs claimed by District for reimbursement are Eligible Relocation Expenses. In the event that District fails to timely prosecute and complete the relocation as provided herein, Agency shall have the right (but not the obligation) to take over from District the responsibility and oversight of the relocation of District movable property, in which case Agency shall have the sole and absolute discretion to determine the scope of work that remains for the physical moving and relocation of District movable property, and District shall be solely responsible for any payments due to any third party contractor that had been retained to facilitate the relocation. In the event that Agency takes over the responsibility and oversight of the relocation, Agency shall determine and deliver notice to District of the Relocation Completion Date.

5.3.3 Insurance Requirements. District shall cause the contractor awarded the bid to perform Eligible Relocation Activities to procure and maintain in a form and content satisfactory to Agency and District the following insurance:

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements;

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate or bodily injury and property damager, including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

All of the policies of insurance required of the general contractor for the Public Improvements shall be primary insurance and, except for the Workers Compensation insurance, shall name City, Agency and District and respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City, Agency and District and respective officers, employees, and agents, and City's, Agency's and District's respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior

written notice to City, Agency and District. In the event that any of the insurance policies required in this Section is canceled, Agency shall cause the general contractor awarded the bid to stop work on the Public Improvements until such time as the general contractor procures and maintains new insurance that complies with the requirements set forth in this Section. Agency shall obtain from the general contractor awarded the bid evidence of insurance no later than thirty (30) days after the award of the bid and shall obtain new evidence of insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon District's written request, Agency shall deliver to District any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Agency may satisfy the insurance requirements herein by securing from the general contractor awarded the bid evidence satisfactory to Agency (in its sole and absolute discretion) that said contractor has a self-insurance program that provides no less than the minimum insurance requirements in this Section, and said contractor maintains the self-insurance program for the duration of the work on the Public Improvements.

5.4 Documentation in Support of Relocation Expenses. Any request for any payment of an Eligible Relocation Expense shall be supported by a bill, invoice, or other evidence of expenses incurred in a form customarily used by persons and entities in the business of relocation. In the event that District does not have evidence to support any request for a payment of an Eligible Relocation Expense, District may submit to Agency a request for moving expenses of District movable property in an amount that either (i) shall not exceed the lowest bid acceptable to Agency for the physical moving of the District movable property, or (ii) shall be acceptable to Agency in its sole and absolute discretion.

5.5 Procedure for Payment of Relocation Expenses Incurred by District. Provided District is not in default of this Agreement, Relocation Payments for Eligible Relocation Expenses shall be made as such expenses are approved by Agency and incurred or required to be paid by District. Except for District employee overtime costs as may be reimbursed pursuant to Section 5.1.2 above, Agency shall have no obligation to pay for any Eligible Relocation Expense that will exceed the Maximum Relocation Payment. District shall deliver to Agency's Executive Director upon satisfaction of all Relocation Conditions Precedent any and all bills, invoices, or other evidence of expenses, with such supporting information as Agency's Executive Director may reasonably require, documenting all of the costs that District would like Agency to consider for reimbursement of expenses incurred in connection with the relocation of the District's administrative offices and kitchen/warehouse facility. Agency's Executive Director shall review and approve, in his or her sole and absolute discretion based upon the sufficiency of the evidence provided by District, the amount of District's reimbursement for Eligible Relocation Expenses. If Agency's Executive Director determines that all or a portion of District's requested reimbursement is for Eligible Relocation Expenses, then payment of the amount determined by Agency's Executive Director to be owing to District shall be made by Agency within sixty (60) days after District's submission of its completed payment request. Any disapproval of a payment request shall be in writing and provided to District within sixty (60) days after Agency's Executive Director has received information necessary to make the determination that the payment request cannot be approved, and shall describe the specific reasons for the disapproval. In the event of a disapproval, District shall have the right to resubmit within fifteen (15) days of receipt of Agency's Executive Director's disapproval a revised reimbursement

request that shall address the reasons for Agency's disapproval and shall provide additional documentation as necessary to support the revised request. If District timely resubmits a revised reimbursement request, Agency's Board of Directors shall hear the reimbursement request at its next regularly scheduled meeting or such other meeting as may be mutually agreed upon by District and Agency and duly noticed according to law. If District provides sufficient explanation and documentary support to address Agency's reasons for disapproval, which shall be decided by the Agency's Board of Directors, Agency shall reimburse District within sixty (60) days of District's resubmission of the reimbursement request. If District fails to provide sufficient explanation and documentary support to address Agency's reasons for disapproval, which shall be decided by the Agency's Board of Directors, Agency shall have no obligation to reimburse those expenses that have been determined as not being Eligible Relocation Expenses. The determination by the Agency's Board of Directors shall be the final administrative decision for any dispute that may arise in connection with Agency's disapproval for a reimbursement request. Agency shall timely pay all undisputed amounts.

5.6 Release of Claims for Relocation Assistance. Without any of the Parties either admitting or denying that the relocation of the District's administrative offices and kitchen/warehouse facility from the Ground Lease Parcels to the 166th/Moore Streets Properties is subject to California Relocation Assistance Laws set forth in Government Code Section 7260 et seq. and Title 25, Section 6000 et seq. of the California Code of Regulations, or any other federal relocation laws and regulations, Agency and District mutually desire by this Agreement to provide the terms and conditions for the full and complete payment to District of any monetary relocation assistance and as settlement of any claims District has or may have against Agency and City relating to or arising out of the relocation of District from the Ground Lease Parcels to the 166th/Moore Streets Properties. District hereby acknowledges and agrees that the Relocation Payments as authorized in this Agreement constitute full and complete satisfaction of any obligation Agency or City may have for providing compensation for the acquisition of the Ground Lease for the Ground Lease Parcels and for providing relocation assistance and paying relocation expenses required to comply with all applicable federal, state and local laws, rules and regulations arising out of, based upon, or relating to, relocation assistance or benefits owing under Government Code § 7260 et seq., Title 25 of the California Code of Regulations, Section 6000 et seq., or under any other federal, state or local relocation statutes, regulations or guidelines, including but not limited to, any such regulations or guidelines of Agency or City. District acknowledges that its rights under the law with respect to the foregoing matters may be different than the rights it is receiving under this Agreement, and District represents and warrants that it has been fully advised or had the opportunity to be fully advised by legal counsel of its rights under the law with respect to such matters, and that District is entering into this Agreement freely and voluntarily, and without duress or coercion.

District, for itself and for its officials, officers, employees, agents, successors, assigns, and all entities related to any of the foregoing, and on behalf of all persons claiming any interest in the Norwalk Boulevard Property (or Ground Lease Parcels) or this Agreement, fully releases, acquits and discharges Agency, City, and their respective officers, officials, members, directors, employees, attorneys, accountants, other professionals, insurers, and agents, and all entities, boards, commissions, and bodies related to any of them (all of the foregoing, collectively in this Section the "Released Parties"), from all rights, claims, demands, actions or causes of action that District has or may have against the Released Parties arising out of or related to Agency's

acquisition of the Ground Lease or the Ground Lease Parcels or the displacement of the District from the Ground Lease parcels (or Norwalk Boulevard Property), including, but not limited to District's property rights and interest, relocation benefits and assistance, all leasehold interests and rights of tenancy or occupancy, all improvements, all improvements pertaining to the realty, furniture, fixture, and equipment, business goodwill, lost income (past or future), failure to locate a suitable replacement residential or business location, lost rental income or sublease or license income, severance damages, pre-condemnation damages, if any, economic or consequential damages, professional consultant fees, attorney's fees and costs, expert witness fees and costs, interest, all other costs, and any and all compensable interests, and/or damages, and/or claims, of any kind and nature, claimed or to be claimed, suffered or to be suffered, by District because of Agency's acquisition of the Ground Lease or the Ground Lease Parcels or the District's displacement from the Ground Lease Parcels (or Norwalk Boulevard Property) (collectively in this Section the "Released Claims"). District represents and warrants to Agency that District is the holder of all rights to payments relating to the Released Claims, including without limitation, relocation assistance and benefits and loss of business goodwill, and that none of the Released Claims has been sold, assigned, transferred, or otherwise set over, in whole or in part, to any other person or entity, and District agrees to indemnify, defend, and hold Agency harmless from and against any claims advanced in contravention of this warranty.

District, on behalf of itself and its agents, successors, assigns, and all entities related to any of the foregoing, and on behalf of all persons claiming any interest in the Ground Lease Parcels (or Norwalk Boulevard Property) or this Agreement, expressly waives any and all rights under Civil Code Section 1542, or any other federal or state statutory rights or rules, or principles of common law or equity, or those of any jurisdiction, government, or political subdivision thereof, similar to Section 1542 (hereinafter referred to in this Section as a "Similar Provision"). Thus, District may not invoke the benefits of Section 1542 or any Similar Provision in order to prosecute or assert in any manner claims released hereunder. Section 1542 provides as follows:

> **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

District's Authorized Initials:_____

In the event any occupants or lessees of the Ground Lease Parcels (or Norwalk Boulevard Property) shall be entitled to relocation assistance arising from the terms and conditions under this Agreement, District shall have the sole and exclusive responsibility for providing relocation assistance and paying all relocation costs required to comply with all applicable federal and state laws, rules, and regulations. District shall indemnify, defend, and hold harmless Agency and City, and their respective officers, officials, members, employees, and agents, from and against any claims, liabilities, damages, or losses made against it by tenants or occupants of the Ground Lease Parcels (or Norwalk Boulevard Property), including without limitation claims for relocation assistance and inverse condemnation.

5.7 Completion of Relocation. District shall deliver to Agency and Corporation written notice (the "Relocation Completion Notice") of the date when relocation of the District's administrative offices and kitchen/warehouse facility from the Ground Lease Parcels (or Norwalk Boulevard Property) has been completed. Completion of said relocation shall occur on the date when all of District's movable property (as defined in this Agreement) has been removed from the Ground Lease Parcels (or Norwalk Boulevard Property) ("Relocation Completion Date"). Agency and Corporation shall have the right to request of District, and District shall deliver to Agency and Corporation promptly after said request, periodic updates as to the status of the relocation and the expected date of completion. Agency and Corporation shall have the right to enter the 166th/Moore Streets Properties upon reasonable notice delivered to Agency to verify the status of said relocation. District's delivery to Agency and Corporation of the Relocation Completion Notice shall be conclusive evidence that District has completed the relocation of all of its movable property from the Ground Lease Parcels, and Agency and Corporation, and their respective successors, assigns, contractors, subcontracts, and any other third parties shall have the right to conclusively rely on the Relocation Completion Notice as completion of said relocation.

ARTICLE 6. DEVELOPMENT OF THE CUESTA VILLAS PROJECT.

6.1 Assignment of Ground Lease Parcels to Corporation. Agency shall assign to Corporation and Corporation shall assume from Agency, Agency's right, title, and interest in the Ground Lease and Ground Lease Parcels. Corporation shall execute and deliver to Agency the Ground Lease Assignment And Assumption Agreement no later than thirty (30) days after the later of: (A) the Relocation Completion Date, or (B) delivery to Corporation of the Franchise Tax Board Certification. Agency shall thereafter promptly execute the Ground Lease Assignment And Assumption Agreement. District shall cooperate with Agency and Corporation to accomplish and approve the assignment of Agency's right, title, and interest in the Ground Lease Parcels to Corporation. Concurrently with the execution of the Ground Lease Assignment and Assumption Agreement, Agency and Corporation shall execute for all Ground Lease Parcels the Memorandum of Assignment and Assumption Agreement. No later than ten (10) days after execution (and notarization) of the Memorandum of Assignment and Assumption Agreement for all Ground Lease Parcels, Agency shall record or cause to be recorded in the Recorder's Office said executed Memorandum of Assignment and Assumption Agreement against all Ground Lease Parcels.

6.2 Scope of Development. Subject to the terms and conditions of this Agreement, Corporation shall develop the Cuesta Villas Project. Corporation shall be responsible for the demolition of existing improvements on the Ground Lease Parcels, removal of demolished debris, grading, construction, and installation of the Cuesta Villas Project. Corporation acknowledges and agrees that the design and quality of construction of the Cuesta Villas Project are of particular concern to Agency.

6.3 Development Approvals and Entitlements from City. Corporation shall submit (if not previously obtained by Agency and/or District) or cause to be submitted complete applications to City for any and all necessary Entitlements for the Cuesta Villas Project, and

thereafter Corporation shall exercise or cause to be exercised commercially reasonable diligence in an effort to obtain such approvals as soon as possible thereafter. Agency and District shall cooperate with Corporation and shall exercise reasonable diligence in an effort to cause City to take final action on the aforesaid applications within reasonable times; provided, however, that neither Agency nor City makes any representation or warranty that such applications will be approved or that any such approvals will be with or without any particular conditions.

6.4 Development Approvals and Entitlements from Other Agencies. Prior to commencement of demolition of the existing improvements on the Ground Lease Parcels, Corporation shall exercise commercially reasonable diligence in an effort to secure (or cause to be secured) any and all Entitlements (if not previously obtained by Agency and/or District) which may be required by any governmental agency other than City that has jurisdiction over the Ground Lease Parcels. Upon Corporation's request, Agency and/or District shall provide reasonable assistance to Corporation in an effort to secure any such governmental Entitlements.

6.5 Contractors and Subcontractors of Corporation. Corporation shall solicit bids and enter into contracts pursuant to law with any contractor or subcontractor to further the development and completion of the Cuesta Villas Project as provided for in this Agreement. Corporation shall solicit bids and award contracts for the Cuesta Villas Project in three (3) phases as provided in the Schedule of Performance, such that the Senior Affordable Residential Complex is developed first, then the Senior Center, then the Park. Corporation shall deliver to Agency a copy of all executed agreements with contractors and subcontractors retained by Corporation to complete the Cuesta Villas Project, or if Corporation retains one general contractor for development and completion of the Cuesta Villas Project, then Corporation shall cause the general contractor to deliver to Agency a copy of all executed agreements with subcontractors retained by the general contractor to complete the development of the Cuesta Villas Project. Corporation shall cause all contractors and subcontractors to maintain complete and accurate records of expenses incurred in furtherance of the development of the Cuesta Villas Project.

6.6 Costs of Development. Subject to the terms and conditions of this Agreement, Agency shall provide financial assistance to Corporation for the Cuesta Villas Project in the form of the Cuesta Villas Project Loan and Cuesta Villas Project Supplemental Loan Disbursements.

6.7 Cuesta Villas Project Loan. Provided Corporation is not in default of this Agreement and all Cuesta Villas Project Conditions Precedent have been satisfied or waived in writing pursuant to this Article, Agency shall provide funds to Corporation in the form of the "Cuesta Villas Project Loan" in the amount of Forty Six Million Dollars ($46,000,000.00).

6.7.1 Use of Loan Proceeds. The Cuesta Villas Project Loan shall be used to reimburse Corporation (or any contractor or subcontractor retained by Corporation) for Cuesta Villas Project Eligible Expenses and for no other purpose.

6.7.2 Disbursement of Loan Proceeds. Provided Corporation is not in default of this Agreement and all Cuesta Villas Project Conditions Precedent have been satisfied or waived in writing, Agency shall disburse funds from the Cuesta Villas Project Loan to Corporation no more frequently than once every thirty (30) days to reimburse Corporation (or

any contractor or subcontractor retained by Corporation) for Cuesta Villas Project Eligible Expenses as such expenses are incurred by Corporation and approved by Agency. Corporation shall submit to Agency a written request for any disbursement, with such supporting information as Agency may reasonably require, documenting all of the costs eligible to be considered in calculating the Cuesta Villas Project Eligible Expenses, including itemized statements, invoices, contracts with contractors or subcontractors, or similar documentation. In the event that Corporation desires an advance disbursement of funds from the Cuesta Villas Project Loan for work to be undertaken in furtherance of the development of the Cuesta Villas Project, Corporation shall present to Agency a contract or other evidence that supports Corporation's requested advance disbursement as being for a Cuesta Villas Project Eligible Expense. Prior to any disbursement of funds from the Cuesta Villas Project Loan, Agency shall review Corporation's supporting evidence, calculate whether all reimbursement requests are Cuesta Villas Project Eligible Expenses, and approve, partially approve, or deny Corporation's request for disbursement. Disbursement of the amount determined by Agency to be owing to Corporation shall be made within thirty (30) days after Corporation's written request for disbursement and complete submittal of all supporting evidence (including additional supporting evidence as may be required by Agency). Any disapproval or partial disapproval of a reimbursement request shall be provided to Corporation within thirty (30) days after Corporation's written request for disbursement and complete submittal of all supporting evidence (including additional supporting evidence as may be required by Agency).

6.7.3 Repayment of the Cuesta Villas Project Loan. Corporation's obligation to repay the Cuesta Villas Project Loan shall be as set forth in the Cuesta Villas Project Promissory Note.

6.7.4 Security for Cuesta Villas Project Loan. Corporation shall secure its obligation to repay the Cuesta Villas Project Loan by the execution and recording (or causing the recording) of the Cuesta Villas Project Deeds of Trust against the Ground Lease Parcels.

6.7.5 Delivery of Instruments to Agency. Corporation shall deliver to Agency the executed and notarized (where appropriate) Cuesta Villas Project Promissory Note and Cuesta Villas Project Deeds of Trust concurrently with Agency's delivery of the Ground Lease Assignment And Assumption Agreement.

6.8 Cuesta Villas Project Supplemental Loan Disbursements. Provided Corporation is not in default of this Agreement and has diligently prosecuted the development of the Cuesta Villas Project pursuant to this Agreement, Agency may in its sole and absolute discretion loan to Corporation in the form of the "Cuesta Villas Project Supplemental Loan Disbursements" amounts necessary to pay for remaining Cuesta Villas Project Eligible Expenses in the event that Corporation has not completed the development of the Cuesta Villas Project after the expenditure of all funds from the Cuesta Villas Project Loan as authorized in this Agreement. Corporation acknowledges and agrees that Cuesta Villas Project Supplement Loan Disbursements shall be used only as a last resort, shall not be used prior to the expenditure of all funds from the Norwalk Boulevard Property Loan, and shall not be relied upon by Corporation as a source of funding to complete the development of the Cuesta Villas Project.

6.8.1 Use of Supplemental Loan Proceeds. The Cuesta Villas Project Supplemental Loan Disbursements shall be used to reimburse Corporation (or any contractor or subcontractor retained by Corporation) for Cuesta Villas Project Eligible Expenses and for no other purpose.

6.8.2 Implementation of Supplemental Disbursements. Prior to any disbursement of Cuesta Villas Project Supplemental Loan Disbursements, Corporation shall deliver to Agency a written request and supporting information for payment of Cuesta Villas Project Eligible Expenses in the same manner as required for disbursements of the Cuesta Villas Project Loan as provided in this Agreement. Agency shall review Corporation's supporting evidence, calculate whether all reimbursement requests are Cuesta Villas Project Eligible Expenses, and may in Agency's sole and absolute discretion approve, partially approve, or deny Corporation's request for payment.

6.8.3 Repayment of the Cuesta Villas Project Supplemental Loan Disbursements. In the event that Agency approves or partially approves a payment request(s) by Corporation that will be paid as a Cuesta Villas Project Supplement Loan Disbursement(s), Corporation shall execute and deliver to Agency a promissory note or similar written repayment obligation with terms and conditions of repayment that are the same as the terms and conditions of repayment as set forth in the Cuesta Villas Project Promissory Note.

6.8.4 Security for Cuesta Villas Project Loan. In the event that Agency approves or partially approves a payment request(s) by Corporation that will be paid as a Cuesta Villas Project Supplement Loan Disbursement(s), Corporation shall secure its obligation to repay the amount of the Cuesta Villas Project Supplemental Loan Disbursement(s) by the Cuesta Villas Project Deeds of Trust.

6.9 Recording of Instruments. Agency shall record or cause to be recorded with the Recorder's Office the Memorandum of Assignment And Assumption Agreement for all Ground Lease Parcels. Corporation shall record or cause to be recorded with the Recorder's Office the Cuesta Villas Project Deeds of Trust against all Ground Lease Parcels. Agency and Corporation may coordinate to have one of the Parties record all of the instruments that are to be recorded pursuant to this Section. The Party recording or causing to be recorded said instruments shall deliver to the other Party and District conformed copies of the recorded instruments. The instruments in this Section shall be recorded in the following order: (i) the Memorandum of Assignment And Assumption Agreement against all Ground Lease Parcels; (ii) the Cuesta Villas Project Deeds of Trust against all Ground Lease Parcels.

6.10 Conditions Precedent to Development of Cuesta Villas Project.

6.10.1 Agency Conditions. Agency's obligation to disburse funds from the Cuesta Villas Project Loan and pay for the Cuesta Villas Project Eligible Expenses is conditioned upon the satisfaction or written waiver by Agency of each and every one of the following conditions precedent, described below at the "Cuesta Villas Project Conditions Precedent," which are solely for the benefit of Agency:

(a) Completion of District Relocation. District shall have delivered the Relocation Completion Notice and the relocation of District's movable property shall have been completed as provided in Article 5.

(b) Assignment And Assumption Agreement. Corporation shall have delivered to Agency the executed Ground Lease Assignment And Assumption Agreement.

(c) Memorandum of Assignment and Assumption Agreement. Corporation and Agency shall have executed the Memorandum of Assignment and Assumption Agreement for each Ground Lease Parcel.

(d) Promissory Note. Corporation shall have executed and delivered to Agency the Cuesta Villas Project Promissory Note.

(e) Deeds of Trust. Corporation shall have executed, notarized, and delivered to Agency the Cuesta Villas Project Deeds of Trust.

(f) Recording of Instruments. The Ground Lease Assignment And Assumption Agreement has been fully executed, and the Memorandum of Assignment and Assumption Agreement and the Cuesta Villas Project Deeds of Trust have been fully executed, notarized, and recorded against all Ground Lease Parcels.

(g) Recording of Final Subdivision Map. The final subdivision map or similar instrument subdividing the Norwalk Boulevard Property into the three Ground Lease Parcels shall have been recorded.

6.10.2 Predevelopment Activities. Notwithstanding the provisions in Subsection 6.10.1 above or any provision in this Agreement to the contrary, Agency expressly waives satisfaction of the Cuesta Villas Project Conditions Precedent for any payment made by Agency (whether paid by funds from the Cuesta Villas Project Loan or other available Agency funds) for Predevelopment Activities that qualify as Cuesta Villas Project Eligible Expenses when, and only when, Agency has made such payment for said Predevelopment Activities prior to the assignment by Agency to Corporation, and assumption by Corporation, of the Ground Lease as provided for in this Agreement. Upon and after the assignment by Agency to Corporation, and assumption by Corporation, of the Ground Lease, Agency's express waiver of all Cuesta Villas Project Conditions Precedent in the preceding sentence shall be of no further force or effect, and Corporation shall thereafter have the obligation to satisfy all Cuesta Villas Project Conditions Precedent or obtain written waiver from Agency for each said condition that Corporation seeks to have waived.

6.11 Source of Funds. The source of funds for the Cuesta Villas Project Loan and Cuesta Villas Project Supplemental Loan Disbursements (if applicable) shall be from tax increment revenue received by Agency pursuant to the CRL, loan(s) from City with City funds available for such purpose and authorized pursuant to a duly approved loan agreement between Agency and City, and any other funds available to Agency for such purpose.

6.12 Non-Agency Financing for Construction. Corporation shall not obtain financing of any kind from any person or entity other than Agency for the construction or development, of the Cuesta Villas Project without Agency's prior written approval, which shall not be unreasonably withheld or delayed. In explanation of the foregoing, Corporation shall not enter into any mortgage, deed of trust, conveyance, lease-back, or any other method of financing the construction or development of the Cuesta Villas Project without Agency's prior written approval pursuant to the terms in this Section. Notwithstanding the foregoing provisions in this Section, Corporation shall have the right to raise funds for the construction, development, operation, and maintenance of the Cuesta Villas Project pursuant to any capital or charitable fund raising activity or campaign so long as Corporation complies with all applicable federal and state laws and regulations governing such fund raising activities. Corporation shall not engage in any activity that would be cause for the United States Internal Revenue Service to revoke Corporation's tax-exempt status, nor engage in any activity that would be cause for the State of California to revoke Corporation's tax-exempt status or status as a nonprofit public benefit corporation.

6.13 Schedule of Performance; Completion of Construction. Corporation shall perform or cause to be performed the development of the Cuesta Villas Project in accordance with the Schedule of Performance, provided, however, that Corporation shall have no obligation to commence the work for the Cuesta Villas Project until satisfaction or written waiver by the party benefited of each and every Cuesta Villas Project Condition Precedent. Once demolition and construction have commenced, they shall be continuously and diligently pursued to completion. If Corporation desires to commence any portion of the work later than the commencement date set forth in the Schedule of Performance, Corporation shall submit such request to Agency's Executive Director along with the date Corporation proposes to commence that portion of the work. Agency's Executive Director shall not unreasonably withhold its approval provided the date proposed for the commencement of the work will enable Corporation to complete the work by the completion date for the Cuesta Villas Project, as reasonably determined by the Executive Director. The Schedule of Performance is subject to revision from time to time as may be mutually agreed upon in writing between Corporation and Agency. During the course of construction, and prior to the issuance of the final Release of Construction Covenants for the Cuesta Villas Project, Corporation shall, if requested by Agency, provide to Agency monthly written reports on the progress of construction. The completion of construction for the Senior Affordable Residential Complex, Senior Center, and the Park, respectively, shall be evidenced by a separate Notice of Completion of Construction issued for the respective Ground Lease Parcel.

6.14 Right of Entry. Agency and its officers, officials, employees, volunteers, agents, representatives, contractors and subcontractors shall have a right of entry onto the Ground Lease Parcels during the construction and development of the Cuesta Villas Project for the purpose of ensuring timely prosecution and completion.

6.15 Compliance with Anti-Discrimination Laws. In the undertaking of the development of the Cuesta Villas Project and performance of this Agreement, Corporation and its successors, assigns, contractors, subcontractors, and consultants shall comply with the prohibitions against discrimination as required by Health and Safety Code Section 33050 as enacted as of the Effective Date.

6.15.1 Compliance with Laws. Corporation shall cause the development of the Cuesta Villas Project to be completed in compliance with all applicable federal, state, and local laws and regulations, including but not limited to all applicable federal and state fair labor standards, and prevailing wage requirements.

6.16 Insurance Requirements. From and after the date of recording of the Memorandum of Assignment And Assumption Agreement with the Recorder's Office, Corporation shall maintain at its sole cost and expense, and shall cause any contractors, subcontractors, or consultants with whom Corporation has retained to develop and construct the Cuesta Villas Project to maintain, the policies of insurance set forth in the Ground Lease ("Ground Lease Insurance Requirements") and shall otherwise comply with the Ground Lease Insurance Requirements set forth therein. Corporation shall submit to Agency evidence of the insurance required by this Section no later than thirty (30) days after the date of recording the Memorandum of Assignment And Assumption Agreement. Nothing in this Section shall in any way limit Corporation's indemnity obligations set forth in this Agreement.

6.17 Release of Construction Covenants. Upon Corporation's satisfactory completion of construction of a portion of the Cuesta Villas Project on any separate Ground Lease Parcel as evidenced by the applicable Notice of Completion of Construction, Agency shall furnish Corporation with a Release of Construction Covenants upon written request therefor by Corporation. Corporation shall deliver to Agency a written request for a Release of Construction Covenants upon Corporation's determination that construction for the applicable Ground Lease Parcel has progressed to completion or substantial completion and merits Agency review thereof. Agency shall not unreasonably withhold such Release of Construction Covenants for the applicable separate legal parcel. Such Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the construction required by this Agreement upon the applicable Ground Lease Parcel and the Release of Construction Covenants shall so state. The Release of Construction Covenants shall be in the form attached to this Agreement or such other similar form as to permit it to be recorded in the Recorder's Office. If Agency refuses or fails to furnish the Release of Construction Covenants for the applicable Ground Lease Parcel after written request from Corporation, Agency shall, within thirty (30) days of written request therefor, provide Corporation with a written statement of the reasons Agency refused or failed to furnish the requested Release of Construction Covenants. The statement shall also contain Agency's opinion of the actions Corporation must take to obtain the Release of Construction Covenants for the applicable Ground Lease Parcel. If the reason for such refusal is confined to the immediate unavailability of specific items of materials for landscaping or other minor "punch list" items, Agency shall issue the Release of Construction Covenants for the applicable Ground Lease Parcel upon the posting of cash, a bond, or other security acceptable to Agency in Agency's sole discretion by Corporation with Agency in an amount representing the fair value of the work not yet completed, and Corporation shall thereafter complete the "punch list" work within sixty (60) days of issuance of the Release of Construction Covenants for the applicable Ground Lease Parcel. A Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Corporation to any holder of any mortgage or any insurer of a mortgage securing money loaned to finance the Improvements on the applicable Ground Lease Parcel, or any part of this Agreement, or a release of any obligations under this Agreement or any other agreement which survive issuance of the Release of

Construction Covenants. A Release of Construction Covenants is not a notice of completion as referred to in the California Civil Code Section 3093.

For purposes of this Agreement, the date upon which the construction of the Cuesta Villas Project is completed shall be the date upon which the last of the Release of Construction Covenants for the applicable Ground Lease Parcel is recorded with the Recorder's Office.

6.18 Use and Occupancy Permits. Corporation shall secure from City any and all Certificates of Occupancy as may be required by City law for the use and occupation of the Senior Affordable Residential Complex, Senior Center, and Park. In no event shall Corporation authorize the use or occupancy of: (i) the Senior Affordable Residential Complex prior to issuance by City of the Certificate(s) of Occupancy for use and occupancy thereof; (ii) the Senior Center prior to issuance by City of the Certificate(s) of Occupancy for use and occupancy thereof; and (iii) the Park prior to issuance of all use permits thereof.

6.19 Ownership of Improvements on Ground Lease Parcels. Corporation or its successors or assigns shall own the Improvements that constitute the Senior Affordable Residential Complex, Senior Center, and Park for the Ground Lease Term, provided, that the Improvements that constitute the Park may revert to District prior to the expiration of the Ground Lease Term as authorized pursuant to the terms and conditions in the Ground Lease.

6.20 Subsequent Alterations. Following the completion of the development of the Cuesta Villas Project as provided in this Agreement and the recording of the Release of Construction Covenants for all Ground Lease Parcels, Corporation may from time to time at its sole cost and expense make alterations to the Improvements on the Ground Lease Parcels which Corporation reasonably determines to be beneficial to and consistent with the authorized uses of the Ground Lease Parcels as provided herein. Corporation shall deliver to Agency and District written notice of any alterations made pursuant to this Section. Corporation shall timely pay any obligation incurred by Corporation for any alteration that could become a lien against any or all of the Ground Lease Parcels. Prior to commencement of any alterations, Corporation shall apply for and obtain from City any and all necessary Entitlements to perform the requested alterations.

ARTICLE 7. USE OF GROUND LEASE PARCELS AND CUESTA VILLAS PROJECT.

7.1 Use, Operation and Maintenance; Ground Lease Parcels. Commencing upon Agency's issuance of the Release of Construction Covenants for the applicable Ground Lease Parcel (as provided in Article 6 of this Agreement), Corporation and its successors and assigns shall use, operate, and maintain the applicable Ground Lease Parcel for such purposes as set forth in the Ground Lease. From the commencement date of the Affordability Term, Corporation and its successors and assigns shall use, operate, and maintain the Senior Affordable Residential Complex Parcel in accordance with the Regulatory Agreement.

7.2 Nondiscrimination by Corporation. In addition to any other nondiscrimination provisions applicable to the Ground Lease Parcels under federal, state, or local law, the following nondiscrimination provisions apply:

(a) Corporation by and for itself and any successors in interest shall refrain from restricting the rental, sale, or lease of the Ground Lease Parcels or any Improvements thereon on 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, as all enacted at the time of the Effective Date.

(b) Notwithstanding subsection (a) above of this Section 7.2, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code, as enacted at the time of the Effective Date. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, as enacted at the time of the Effective Date, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, as enacted at the time of the Effective Date, shall apply to subsection (a) above.

7.3 Nondiscrimination by District. In addition to any other nondiscrimination provisions applicable to the 166th Street Property and Moore Street Property under federal, state, or local law, the following nondiscrimination provisions apply:

(a) District by and for itself and any successors in interest shall refrain from restricting the rental, sale, or lease of the 166th Street Property or Moore Street Property or any Improvements thereon on 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, as all enacted at the time of the Effective Date.

(b) Notwithstanding subsection (a) above of this Section 7.3, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code, as enacted at the time of the Effective Date. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, as enacted at the time of the Effective Date, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, as enacted at the time of the Effective Date, shall apply to subsection (a) above

7.4 Nondiscrimination Covenants in Real Property Documents. All such deeds, leases or contracts pertaining to any one of the Ground Lease Parcels, the 166th Street Property, and the Moore Street Property shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

7.4.1 Deeds. In deeds, language shall appear in substantially the following form:

(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 land herein conveyed, nor shall the grantee 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, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

7.4.2 Leases. In leases, language shall appear in substantially the following form:

(a) "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:

> 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."

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

7.4.3 Contracts. In contracts, language shall appear in substantially the following form:

(a) "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, nor shall the transferee 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, subtenants, sublessees or vendees of the premises."

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

7.5 Use, Operation and Maintenance; 166th/Moore Streets Properties. Use of the 166th/Moore Streets Properties shall comply with Article 4 of this Agreement.

ARTICLE 8. FINANCING FOR OPERATION AND MAINTENANCE OF CUESTA VILLAS PROJECT.

8.1 Trust Fund for Operation and Maintenance. No later than thirty (30) days after the Ground Lease Escrow Closing Date as provided in Article 3 of this Agreement, Corporation shall establish the Cuesta Villas Project Trust Fund. Corporation shall deliver to all Parties written confirmation of the date that the Cuesta Villas Project Trust Fund is established and opened.

8.1.1 Establishment. Corporation shall open the Cuesta Villas Project Trust Fund with a reputable third-party bank or other financial institution licensed in the State of

California with branch locations in the County of Los Angeles to hold and manage funds held in trust. The Cuesta Villas Project Trust Fund shall bear interest, and all interest accrued shall remain in the Cuesta Villas Project Trust Fund. The Cuesta Villas Project Trust Fund shall have a named trustee at the third-party bank or other financial institution who shall be responsible for the receipt and disbursement of funds as directed by Corporation (or Corporation's authorized designee) or, as directed by District in the event that District has the right to exercise control over the Cuesta Villas Project Trust Fund as set forth in the Deposit Account Control Agreement.

8.1.2 Initial and Subsequent Deposits. Agency shall deposit One Hundred Thousand Dollars ($100,000.00) no later than thirty (30) days after the opening of the Cuesta Villas Project Trust Fund (the "Agency Initial Trust Fund Deposit"). After the deposit of the Initial Trust Fund Deposit, Agency and City may in their sole and absolute discretion from time to time deposit funds into the Cuesta Villas Project Trust Fund in accordance with applicable laws.

8.1.3 Source of Funds from Agency for Deposits into Trust Account. The source of funds for the Agency Initial Trust Fund Deposit shall be from tax increment revenue received by Agency pursuant to the CRL that must be set aside in Agency's low and moderate income housing fund. Agency shall not use as a source of funds for the Agency Initial Trust Fund Deposit any tax increment revenue received pursuant to the CRL that does not need to be placed in the Agency's low and moderate income housing fund.

8.1.4 Use of Funds in Trust Account. Funds in the Cuesta Villas Project Trust Fund shall be used to pay for Trust Fund Eligible Expenses and for no other purpose. In no event shall any funds from the Cuesta Villas Project Trust Fund be used to pay for the normal operations or maintenance of buildings, facilities, structures, or other improvements that are publicly owned as restricted by Health and Safety Code Section 33445 (as enacted as of the Effective Date). The Parties acknowledge and agree that funds from the Cuesta Villas Project Trust Fund shall be used for the operation and maintenance of the Improvements on the Ground Lease Parcels so as to preserve and improve the affordable housing and appurtenant onsite improvements for residents of the Cuesta Villas Project.

8.1.5 Right to Review Records and Audit. Agency (or City if designated by Agency) shall have the right to review any and all books, accounting, and records of the Cuesta Villas Project Trust Fund and said trust fund shall so provide. Agency (or City if designated by Agency) shall have the right for the duration of the Cuesta Villas Project Trust Fund to conduct an audit or cause the conducting of an audit of Corporation and said trust fund if Agency, in its reasonable discretion, suspects funds are not being effectively used for Trust Fund Eligible Expenses.

8.1.6 Execution of Trust Fund Documents. Agency, Corporation, and District shall cooperate to create and execute any necessary and proper documents for the establishment and administration of the Cuesta Villas Project Trust Fund.

8.2 Disbursement of Proceeds Received by Corporation. The proceeds received by Corporation shall be disbursed as follows:

8.2.1 Priority of Gross Income. Gross Income (as defined below) shall first be used towards the payment of Ground Lease Rent, and next for repayment of the Cuesta Villas Project Loan, which may be deferred annually pursuant to the loan forgiveness provisions in the Cuesta Villas Project Promissory Note.

8.2.2 Deposits into Cuesta Villas Project Trust Fund. Residual Receipt Income (as defined below) shall be deposited into the Cuesta Villas Project Trust Fund. For purposes of this Subsection, the following shall apply:

(i) "Gross Income" shall mean all amounts received by Corporation from third parties as may be generated on or by the authorized uses of the Ground Lease Parcels, including but not limited to the Affordable Rents received from Regulatory Agreement Qualified Residents, service charges for authorized uses on the Senior Center Parcel and Park Parcel, funds raised pursuant to a charitable fund raiser conducted in accordance with applicable law, and other cost reimbursements as may be provided for in the Regulatory Agreement, Ground Lease, and AH/F/DDA.

(ii) "Ground Lease Rent Amount" shall mean "Ground Lease Rent" (as that term is defined in the Ground Lease) and any other charges or payments due and payable by Corporation to District pursuant to the Ground Lease.

(iii) "Residual Receipt Income" shall mean, as to each calendar year (or partial calendar year in the case of the first year in which Gross Income is generated) or in the case of the last year for the payment of Ground Lease Rent on the Final Rent Payment Date (as defined in the Ground Lease), the amount of Gross Income for such calendar year (or portion thereof) reduced by the Ground Lease Rent Amount for such calendar year (as may be prorated pursuant to the Ground Lease depending upon the Ground Lease Rent Payment Date). Residual Receipt Income shall be determined on a cash basis without regard to any carry-over or profit or loss from any prior calendar year.

8.2.3 Remaining Proceeds. Any remaining proceeds received by Corporation shall be used in its reasonable discretion to further the charitable purposes for which the Corporation was formed in accordance with Corporation's Articles of Incorporation and bylaws.

8.3 Service Contracts Between Corporation and City. Upon the completion of construction for the Senior Center and Park as evidenced by the applicable Release of Construction Covenants (as provided in Article 6 of this Agreement), Corporation shall contract exclusively with City for the provision of services and management for the Senior Center and Park. Corporation and City shall enter into a contract for services or similar agreement in a form that is approved by the City Attorney. City shall receive payment for services from Corporation in a reasonable amount based on the type and nature of services provided and comparable rates charged by other similar service providers.

8.4 No Payments to District from Property Taxes. Payments made by Agency to District pursuant to this Agreement (which by definition includes Exhibits attached hereto) are not and shall not be deemed to be from property taxes and shall not affect the pass-through limitations set forth in Health and Safety Code Section 33607.5 or successor statute.

8.5 Party Funding Obligations. In addition to the financing and funding obligations set forth in this Agreement, the following obligations shall apply to the Parties:

8.5.1 Agency Guaranty. Agency shall guaranty payment to District of any deficiency in the annual Ground Lease Rent pursuant to the provisions in Article 3 of this Agreement. The source of funds for payment of Agency's guarantee shall be from tax increment revenue received by Agency pursuant to the CRL that must be set aside in Agency's low and moderate income housing fund.

8.5.2 District's Secured Interest in Trust Fund. Corporation shall grant for the benefit of District a secured interest in the Cuesta Villas Project Trust Fund to pay for any deficiency in payment of Ground Lease Rent, as provided in Article 3 of this Agreement.

8.5.3 Payment of 166th/Moore Streets Properties Rent by District. For the duration of the 166th/Moore Streets Properties Rent Payment Term, District shall pay the 166th/Moore Streets Properties Rent to City in accordance with the 166th/Moore Streets Properties Lease and Option Agreements. City shall direct District to directly deposit its payments of the 166th/Moore Streets Properties Rent (or any portion thereof) into the Cuesta Villas Project Trust Fund.

8.5.4 Deposit of 166th/Moore Streets Properties Purchase Price. In the event that District purchases fee title to the 166th/Moore Streets Properties by exercising the Options pursuant to the 166th/Moore Streets Properties Lease and Option Agreements, City shall deposit or instruct the 166th/Moore Streets Properties Escrow to deposit the proceeds from the 166th/Moore Streets Properties Purchase Price (less costs allocated to City pursuant to the 166th/Moore Streets Properties Purchase and Sale Agreements) into the Cuesta Villas Project Trust Fund. District shall cooperate with City to ensure said funds are deposited into the Cuesta Villas Project Trust Fund.

ARTICLE 9. TRANSFERS AND ASSIGNMENTS.

9.1 Transfer and Assignment by District. District shall not: (i) transfer or assign all or any part of this Agreement without the prior written consent of City, Agency and Corporation; and (ii) make a total or partial transfer or assignment of all or any portion of District's right, title, and interest in the Norwalk Boulevard Property or the Ground Lease Parcels without the prior written consent of City, Agency and Corporation; and (iii) make a total or partial transfer or assignment of all or any portion of District's right, title, and interest in the 166th Street Property or Improvements thereon without the prior written consent of City and Agency until complete payment to City of the 166th/Moore Streets Properties Purchase Price pursuant to the 166th/Moore Streets Properties Purchase and Sale Agreements; and (iv) make a total or partial transfer or assignment of all or any portion of District's right, title, and interest in the Moore Street Property or Improvements thereon without the prior written consent of City and Agency until complete payment to City of the 166th/Moore Streets Properties Purchase Price pursuant to the 166th/Moore Streets Properties Purchase and Sale Agreements.

9.2 Transfer and Assignment by Agency. City and Agency shall not: (i) transfer or assign all or any part of this Agreement without the prior written consent of District; and (ii) make a total or partial transfer or assignment of all or any portion of City's right, title, and interest in the Norwalk Boulevard Property or the Ground Lease Parcels without the prior written consent of District; and (iii) make a total or partial transfer or assignment of all or any portion of City's or Agency's right, title, and interest in the 166th Street Property or Improvements thereon prior to the Ground Lease Escrow Closing Date without the prior written consent of District; and (iv) make a total or partial transfer or assignment of all or any portion of City's or Agency's (as the case may be) right, title, and interest in the Moore Street Property or Improvements thereon prior to the Escrow Closing Date without the prior written consent of District.

9.3 Transfer and Assignment by Corporation. The qualifications and identity of Corporation are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with Corporation. Corporation shall not: (i) undergo any significant change in ownership or control whether voluntarily, involuntarily, or by operation of law; and (ii) transfer or assign all or any part of this Agreement without the prior written consent of Agency and District; and (iii) make a total or partial transfer or assignment of all or any portion of Corporation's right, title, and interest in the Ground Lease Parcels or Improvements thereon without the prior written consent of Agency and District.

9.4 Permitted Transfers: Notwithstanding the restrictions on transfers and assignments set forth in Sections 9.1-9.3 above, the following shall not require the prior written consent of the Party benefited by such requirement for the transfer or assignment to be valid (the "Permitted Transfers"):

(a) Transfers or assignments made by District, City, Agency, or Corporation that are expressly required, authorized, or permitted pursuant to this Agreement (which by definition includes the Exhibits and other documents attached hereto).

(b) Transfers or assignments from Agency to City to effectuate the purposes of this Agreement, including but not limited to any interest of Agency to City for a loan or financing available and authorized pursuant to law.

(c) Transfers or assignments from Agency to City upon the cessation of receipt by Agency of tax increment revenue received pursuant to the CRL.

(d) The sublease, license for temporary occupancy, or other transfer or assignment of a possessory interest in the Ground Lease Parcels, Senior Affordable Residential Complex, Senior Center, and Park (or any portion thereof) by Corporation to any third party so long as such transfer or assignment complies with the terms and conditions of the AH/F/DDA (which by definition includes the Exhibits and other documents attached, including the Ground Lease and Regulatory Agreement).

(e) The lease or sublease by Corporation of any of the Restricted Units in the Senior Affordable Residential Complex.

(f) Transfers of stock in a publicly traded corporation or ownership interests in any real estate investment trust.

(g) Transfers in trust for the benefit of family members.

(h) Transfers occurring due to the death or mental or physical incapacity of the transferor.

(i) Transfers or dedications of any portion of the Norwalk Boulevard Property or 166th/Moore Streets Properties to City or other appropriate governmental agency, or the granting of easements or permits to facilitate the development of any portion of the Project on the Ground Lease Parcels and Public Improvements on the 166th/Moore Streets Properties.

(j) Transfers or assignments for financing purposes made by Agency or Corporation for the construction and development of the Cuesta Villas Project, but for Corporation, only if Agency has approved Corporation's ability to obtain financing for the development of the Cuesta Villas Project pursuant to Article 6 of this Agreement.

(k) Transfers or assignments by Corporation for the financing of the maintenance and operation of the Cuesta Villas Project.

(l) Transfers or assignments by District after the 166th/Moore Streets Properties Escrow Closing Date if District exercises the Options to purchase pursuant to the 166th/Moore Streets Properties Lease and Option Agreements.

(m) Transfers or assignments that may from time to time be designated as Permitted Transfers by the Parties pursuant to an implementation or other similar agreement, or amendment to this Agreement.

For purposes of this Agreement, "transfers or assignments" shall mean without limitation any transfer or assignment in real property or a property interest, including a sale, lease, sublease, conveyance, hypothecation, encumbrance, disposition, alienation, or any agreement for the sale, lease, sublease, conveyance, hypothecation, encumbrance, disposition or alienation.

9.5 Notices of Proposed Transfer or Assignment. Except for Permitted Transfers, a Party(ies) seeking to make a transfer or assignment of this Agreement or any right, title, or interest in the Norwalk Boulevard Property, Ground Lease Parcels, 166th/Moore Streets Properties, or any portion or Improvements thereof, shall deliver to the other Party(ies) written notice requesting approval of the transfer or assignment. Except if a transfer or assignment is specifically limited to the sole and absolute discretion of a Party to this Agreement (or any Exhibit attached hereto), approval of any requested transfer or assignment shall not be unreasonably withheld or delayed so long as the proposed transfer or assignment will effectuate the purposes of this Agreement. No transfer or assignment requiring approval of the Party(ies) pursuant to this Agreement shall be effective unless and until the proposed assignee or transferee executes and delivers to other Party(ies) an agreement (in a form acceptable to the other Party's(ies') legal counsel) assuming the obligations of the assignor/transferor which have been

assigned. Permitted Transfers shall be memorialized by an assignment and assumption or similar agreement between the assignor/transferor and assignee/transferee, but no Permitted Transfer shall be deemed void or ineffective by a failure of the assignor/transferor to deliver said assignment and assumption agreement to the other Party(ies) to this Agreement. Any transfer or assignment by a Party requiring the other Parties' written consent, for which the Party has not obtained prior to written consent by the other Parties, shall be null and void, and the Party seeking to make the unapproved transfer or assignment shall not be released from the Party's liability or obligations in this Agreement

9.6 Successor Assumption of Obligations. For transfers and assignments requiring approval of the Party(ies) as provided in this Agreement, the transferor/assignor shall be released from any further liability under this Agreement as of the effective date of any such approved agreement that effectuates the approved transfer or assignment. For Permitted Transfers, the assignor/transferor shall be released from any further liability under this Agreement as of the date of execution of an assignment and assumption or similar agreement.

ARTICLE 10. DEFAULTS AND REMEDIES; INDEMNITY; TERMINATION CONDITIONS.

10.1 Default. Subject to any extensions of time permitted for Events of Force Majeure in accordance with Section 11.3 of this Agreement, the failure or delay by any Party to timely perform any of its obligations under this Agreement (which by definition includes all exhibits and other documents attached hereto) constitutes a default of such Party's obligations hereunder (each failure an "Event of Default"); provided, however, such Party shall not be deemed to have committed an Event of Default if (i) the nonperforming Party cures, corrects, or remedies such Event of Default within thirty (30) days after receipt of a notice from the other Party specifying such failure or delay, or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such nonperforming Party commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a notice from the other Party specifying such failure or delay, and thereafter diligently prosecutes such cure, correction, or remedy to completion. The periods set forth in this Section for curing, correcting, or remedying a failure to perform shall apply if no specific cure period is otherwise provided for in this Agreement (or exhibit or other document attached hereto) for an obligation to be performed.

10.2 Notice of Failure to Perform Obligations. An injured Party shall give written notice of an Event of Default to the nonperforming Party, specifying the default complained of by the injured Party. Copies of any notice of an Event of Default shall be delivered to any other Party to this Agreement (or its successor or assigns in the event of a valid assignment). Except as required to protect against further damages, the injured Party may not institute proceedings against the nonperforming Party until the time for cure, correction, or remedy of a default has expired. Any failure or delay by a Party in giving a notice of an Event of Default or in asserting any of its rights and remedies as to any Event of Default shall not constitute a waiver of any Event of Default, nor shall it change the time of an Event of Default, nor shall it deprive 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.

10.3 Institution of Legal Actions. Subject to the restrictions on rights and remedies set forth in this Agreement, any Party may institute legal action to cure, correct, or remedy any Event of Default, to recover damages for any Event of Default, or to obtain any other remedy not specifically prohibited by this Agreement and consistent with the purposes of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the United States District Court for the Central District of California.

10.4 Rights and Remedies Are Cumulative. Except as otherwise expressly provided in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by any 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 another Party.

10.5 Inaction Not a Waiver of Default. Any failures or delays by a 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 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.

10.6 Litigation/Arbitration Expenses. If a Party to this Agreement is required to initiate or defend any litigation or arbitration proceeding in any way connected with this Agreement, the prevailing Party in such proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation or arbitration expenses. If a Party to this Agreement is required to initiate or defend any litigation or arbitration proceeding with a third party because of the violation of any term or provision of this Agreement by another Party to this Agreement, then the Party so required to participate in said proceeding shall be similarly entitled to recover its reasonable litigation or arbitration expenses from said other Party. Litigation and arbitration expenses shall include attorney's fees, including attorney's fees on any appeal, and all other reasonable costs for investigating such proceeding, retaining expert witnesses, taking depositions and conducting discovery, and all other necessary costs incurred with respect to such litigation or arbitration.

10.7 Indemnity. In addition to any other indemnity provided for in this Agreement:

(a) District shall defend, indemnify, and hold harmless Corporation, Agency and the City, and their respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of District or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of this Agreement and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Corporation, Agency, and/or City.

(b) City and Agency shall defend, indemnify, and hold harmless Corporation and District, and their respective officers, officials, members,

employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of City or Agency or their agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of this Agreement and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Corporation and/or District.

(c) Corporation shall defend, indemnify, and hold harmless District, Agency and the City, and their respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Corporation or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of this Agreement and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of District, Agency, and/or City.

(d) Any and all indemnities provided by any Party to this Agreement shall survive the Ground Lease Escrow Closing, the 166th/Moore Streets Properties Escrow Closing, and the expiration or early termination of this Agreement. Any duty to defend for the benefit of Agency as provided in this Agreement shall be so provided with counsel of Agency's choosing. Any duty to defend for the benefit of City as provided in this Agreement shall be so provided with counsel of City's choosing. Any duty to defend for the benefit of District as provided in this Agreement shall be so provided with counsel of District's choosing. And any duty to defend for the benefit of Corporation as provided in this Agreement shall be so provided with counsel of Corporation's choosing.

ARTICLE 11. GENERAL PROVISIONS.

11.1 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To Agency:	Cerritos Redevelopment Agency 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Executive Director Fax: (562) 916-1371
With a copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To City:	City of Cerritos 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: City Manager Fax: (562) 916-1371
With a copy to:	Brown, Winfield & Conzoneri, Inc. 300 S. Grand Avenue, 15th Floor Los Angeles, CA 90071 Attn: Mark W. Steres, Esq. Fax: (213) 687-1733
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333
To Corporation	Cuesta Villas Housing Corporation 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Secretary Fax: (562) 916-1371

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

11.2 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to District or Corporation in the event of any default by Agency or City or for any amount which may become due to District or Corporation or on any obligations under the terms of this Agreement. No member, official, employee, or contractor of District shall be personally liable to Agency, City, or Corporation in the event of any default by District or for any amount which may become due to Agency, City, or Corporation or on any obligations under the terms of this Agreement. No director, officer, employee, or contractor of Corporation shall be personally liable to Agency, City, or District in the event of any default by Corporation or for any amount which may become due to Agency, City, or District or on any obligations under the terms of this Agreement.

11.3 Force Majeure; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth this Section, performance by any Party hereunder shall not be deemed to be in default and such Party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of another Party; acts or the failure to act of Agency, City, District, or any other public or governmental agency or entity (except that any act or failure to act of or by Agency or District shall not excuse performance by Agency or District required by this Agreement). An extension of time for any cause permitted under this Section shall be limited to the period of the enforced delay, which period 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 Parties within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other Parties. Times of performance under this Agreement may be extended by mutual written agreement of all of the Parties. The City Manager of City, Executive Director of Agency, and Superintendent of District (or their respective designees) shall have the authority on behalf of City, Agency and District respectively to approve extensions of time.

11.4 Inspection of Books and Records. Agency shall have the right at all reasonable times to inspect the books and records of Corporation pertaining to the Ground Lease Parcels and the Cuesta Villas Project as pertinent to the purposes of this Agreement.

11.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement shall be interpreted in accordance with the internal laws of the State of California without regard to conflict of law principles.

11.6 Entire Agreement, Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations

and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Parties.

11.7 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

11.8 Third Party Beneficiaries. Nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than Agency, City, District, and Corporation, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Agreement.

11.9 Time of the Essence. Time is of the essence in the performance of this Agreement.

11.10 Agency Approvals and Actions. Following the approval and execution of this Agreement by Agency, Agency's Executive Director (or his or her designee) shall have the authority to administer this Agreement on Agency's behalf. The Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of Agency so long as such actions do not materially or substantially change the uses or development permitted on the Norwalk Boulevard Property, Ground Lease Parcels, or 166th/Moore Streets Properties, or materially or substantially add to the costs incurred or to be incurred by Agency as specified herein. Such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as allowed for in this Agreement. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

11.11 District Approvals and Actions. Following the approval and execution of this Agreement by District, District's Superintendent (or his or her designee) shall have the authority to administer this Agreement on District's behalf. The Superintendent shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of District so long as such actions do not materially or substantially change the uses or development permitted on the Norwalk Boulevard Property, Ground Lease Parcels, or 166th/Moore Streets Properties, or materially or substantially add to the costs incurred or to be incurred by District as specified herein. Such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as

allowed for in this Agreement. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the District Board.

11.12 City Approvals and Actions. Following the approval and execution of this Agreement by City, the City Manager (or his or her designee) shall have the authority to administer this Agreement on City's behalf. The City Manager shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development permitted on the Norwalk Boulevard Property, Ground Lease Parcels, or 166th/Moore Streets Properties, or materially or substantially add to the costs incurred or to be incurred by City as specified herein. Such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as allowed for in this Agreement. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

11.13 Effect and Duration of Covenants. Agency is deemed a beneficiary of the terms and conditions of this Agreement and of the restrictions and covenants running with the land 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 the covenants running with the land have been provided. The covenants in favor of Agency shall run with the land without regard to whether Agency has been, remains, or is an owner of any land or interest therein. Agency shall have the right, if any of the covenants set forth in this Agreement, which are provided for its benefit are defaulted upon, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings that are consistent with this Agreement (and subject to any limitations on Agency's rights and remedies set forth herein) that Agency determines are necessary to enforce the curing of such defaults.

11.14 Relationship of Parties. The Parties agree that Agency, City, District, and Corporation are independent contracting entities and do not intend by this Agreement to create any partnership, joint venture, or similar business arrangement.

11.15 Estoppels. At the request of any Party or holder or prospective holder of any deed of trust, mortgage, or other pledge or encumbrance for the financing of the Project and/or operation and maintenance of the Cuesta Villas Project, the other Parties shall timely execute and deliver to the requesting Party or such holder or prospective holder of any deed of trust, mortgage or other pledge or encumbrance, an estoppel that no default exists or would exist with the passage of time, or giving notice, or both by the Party(ies) providing said estoppel, if such be the case, and certifying as to whether the Party making said request has complied with all obligations under this Agreement. The form of any estoppel shall be approved by the respective legal counsel for the Party(ies) responding to said request for an estoppel.

11.16 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

11.17 Exhibits. This Agreement contains the following Exhibits and attachments, each made a part hereof and incorporated herein by this reference:

Exhibit “A1”	Legal Description of 166th Street Property
Exhibit “A2”	Legal Description of Moore Street Property
Exhibit “B1”	Legal Description of Norwalk Boulevard Property
Exhibit “B2”	Legal Description of Senior Affordable Residential Complex Parcel
Exhibit “B3”	Legal Description of Senior Center Parcel
Exhibit “B4”	Legal Description of Park Parcel
Exhibit “C1”	Site Plan for the Cuesta Villas Project
Exhibit “C2”	Site Plan for the Public Improvements on the 166th/Moore Streets Properties
Exhibit “D”	Scope of Work for Cuesta Villas Project and Public Improvements on the 166th/Moore Streets Properties
Exhibit “E”	Schedule of Performance
Exhibits “F1-F5”	Memorandum of Agreement (Recorded against the Ground Lease Parcels, 166th Street Property, and Moore Street Property)
Exhibit “G”	Ground Lease
Exhibits “H1-H3”	Memorandum of Ground Lease (Recorded against the Ground Lease Parcels)
Exhibits “I”	Regulatory Agreement (Recorded against the Senior Affordable Residential Complex Parcel)
Exhibit “J1”	166th Street Property Lease and Option Agreement (and attachments)
Exhibit “J2”	Moore Street Property Lease and Option Agreement (and attachments)
Exhibit “K”	Ground Lease Assignment and Assumption Agreement
Exhibits “L1-L3”	Memorandum of Assignment and Assumption Agreement (Recorded against the Ground Lease Parcels)
Exhibit “M-1”	Ground Lease Rent Payment Guaranty (and attachments)
Exhibit “M-2”	Deposit Account Control Agreement (and attachments)
Exhibit “M-3”	UCC Financing Statement
Exhibit “N”	Cuesta Villas Project Promissory Note
Exhibit “O1-O3”	Cuesta Villas Project Deeds of Trust (Recorded against the Ground Lease Parcels)
Exhibit “P”	Release of Construction Covenants (Form Document)
Exhibit “Q”	Copies of Non-Discrimination Laws as of Effective Date

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

EXHIBIT "A-1"

LEGAL DESCRIPTION OF 166th STREET PROPERTY

That certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Attached]

EXHIBIT "A-2"

LEGAL DESCRIPTION OF MOORE STREET PROPERTY

That certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Attached]

EXHIBIT "B-1"

LEGAL DESCRIPTION OF NORWALK BOULEVARD PROPERTY

That certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Attached]

EXHIBIT "B-2"

LEGAL DESCRIPTION OF SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[To be attached upon subdivision, if approved pursuant to this Agreement]

EXHIBIT "B-3"

LEGAL DESCRIPTION OF SENIOR CENTER PARCEL

[To be attached upon subdivision, if approved pursuant to this Agreement]

EXHIBIT "B-4"

LEGAL DESCRIPTION OF PARK PARCEL

[To be attached upon subdivision, if approved pursuant to this Agreement]

EXHIBIT "C-1"

SITE PLAN FOR THE NORWALK BOULEVARD PROPERTY

[Attached]

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

EXHIBIT "C-2"

SITE PLAN FOR THE 166th/MOORE STREETS PROPERTIES

[Attached]

EXHIBIT "D"

SCOPE OF WORK

I. CUESTA VILLAS PROJECT

A. WORK FOR ENTIRE CUESTA VILLAS PROJECT

1. A final subdivision map illustrating the subdivision prepared of the Norwalk Boulevard Property into three separate parcels shall be prepared showing the easements encumbering the site, and dedications and realignment of streets, if any. The final subdivision map shall grant and permit all necessary and appropriate utility easements and rights for the development of the site, including sanitary sewers, storm drains, water, electrical power, telecommunications, natural gas, cable television, etc.

2. Prior to commencement of Items B, C, and D, all existing structures and improvements on the Norwalk Boulevard Property shall be demolished in accordance with all applicable regulations governing demolition. All reusable building materials shall be dismantled, crushed and reused onsite, wherever safely feasible and in accordance with applicable regulations governing reuse of building materials

3. Mitigation measures as required by the Mitigated Negative Declaration certified in connection with this project shall be implemented and monitored.

4. The following design features shall be implemented to meet the physical and social needs of Senior Citizens (Civil Code Section 51.2):

    - Entryways, walkways, and hallways in the common areas of the Cuesta Villas Project, and doorways and paths of access to and within residential units, shall be as wide as required by current laws (in effect as of the Effective Date of the AH/F/DDA) applicable to new multifamily housing construction for provision of access to persons using standard-width wheel-chairs.

    - Walkways and hallways in the common areas of the Cuesta Villas Project shall be equipped with standard height railings or grab bars to assist persons who have difficulty with walking.

    - Walkways and hallways in the common areas of the Cuesta Villas Project shall have lighting conditions which are of sufficient brightness to assist persons who have difficulty seeing.

    - Access to all common areas and residential units within the Cuesta Villas Project shall be allowed for without use of stairs, either by means of an elevator or sloped walking ramps.

- The Cuesta Villas Project shall be designed to encourage social contact by providing at least one common room and common open space.

- Refuse collection shall be provided in a manner that requires a minimum of physical exertion by residents.

- The Cuesta Villas Project shall comply with requirements for access and design imposed by law.

5. All development shall conform to the development standards adopted as part of the Area Development Plan 14 (ADP-14) regulations as set forth in Title 22 of the Cerritos Municipal Code.

6. All structures shall be designed and constructed to be consistent with the conceptual drawings and plans prepared as part of the development proposal submitted in connection with the approval of the Agreement. All aspects of the Cuesta Villas Project design shall be subject to the approval of the Agency and City.

B. WORK FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX

1. The Senior Affordable Residential Complex shall consist of 247 apartment dwelling units housed among seven two- to three-story buildings.

2. All of the residential buildings shall be located within a gate-guarded area requiring access by key or other access device. The project shall be surrounded by a block wall and/or decorative fence finished with a decorative cap, constructed of a material and of a design acceptable to the Agency/City. The wall along the perimeter of the Senior Affordable Residential Complex fronting any public streets will be required to have offsets, planting area and other design features to improve the aesthetics of the project.

3. The dwelling units shall range in size from 800 square feet to 1,150 square feet with two floor plans. There shall be a mix of one- and two-bedroom units per each building.

4. All second- and third-floor units shall be served by elevators.

5. All units will include washer and dryer space, pre-installed cable T.V., and air conditioning and heat pumps.

6. All units shall have designated parking spaces covered by carports. The number of parking spaces provided, including guest spaces, shall conform with the development standards for ADP-14 as set forth in the Cerritos Municipal Code.

7. The Senior Affordable Residential Complex shall contain a swimming pool and jacuzzi for the exclusive use by residents of the Senior Affordable Residential Complex.

8. Common areas shall be landscaped and provide ease of pedestrian circulation within the site.

9. Construction and design will take into account and use environmentally friendly and "green" design, with power generated through the use of solar panels.

C. WORK FOR SENIOR CENTER

1. The Senior Center shall consist of amenities and facilities required to meet the recreational needs of the residents of the Senior Affordable Residential Complex. The design shall also allow accessibility by the general public during normal business hours under specific guidelines and operating procedures.

2. The Senior Center shall contain the following:

   - Secure entry/lobby and control desk for the monitoring of patrons
   - Dance/aerobic room
   - Flex space for classes and activities
   - Leisure lounge for socialization
   - Library
   - Computer room
   - Fitness room with exercise equipment and free weights
   - Multi-purpose room with a kitchen and patio
   - Adequate restroom facilities as required by the Building Code
   - Offices for facility management and personnel

3. The architecture and design of the Senior Center shall complement the design of the Senior Affordable Residential Complex.

4. Parking spaces for the Senior Center shall be provided in accordance with the development standards for ADP-14 as set forth in the Cerritos Municipal Code.

5. Construction and design will take into account and use environmentally friendly and "green" design, with power generated through the use of solar panels.

D. WORK FOR PARK

1. The Park shall consist of amenities and facilities required to meet the recreational needs of the residents of the Senior Affordable Residential Complex. The design shall also allow accessibility by the general public during operational hours.

2. The Park shall contain the following:

    - Walking path
    - Recreational open space
    - Tot lot and play equipment
    - Shade structure and picnic area
    - Variety of trees and planting material
    - Vehicle parking
    - Security cameras

3. The design of the Park shall complement the design of the Senior Affordable Residential Complex.

II. OFFICE PUBLIC IMPROVEMENTS

1. Agency shall prepare final plans for the Office Public Improvements in consultation with District to ensure that said improvements meet District's operational requirements.

2. The first floor of the existing office building shall be renovated as follows:

    - Existing flex-office areas shall be reconfigured for District's office functions.
    - A lunch/break room for District employees shall be provided in the western portion of the building.
    - The northeast portion of the building shall be reconfigured to accommodate a meeting room suitable for District Board meetings and staff training. This portion of the building shall contain adequate restroom facilities to accommodate the attendees of said meetings. An enhanced lobby and entrance to the building shall be added to the eastern portion of the building to serve as the primary ingress/egress for attendees of said meetings.

3. The second floor of the existing office building shall be renovated as follows:

- Existing flex-office areas shall be reconfigured for District's office functions.

4. All development shall conform to the development standards adopted as part of the Development Area One (ADP-1) regulations as set forth in Title 22 of the Cerritos Municipal Code.

5. All renovations shall be designed and constructed to be consistent with the conceptual drawings and plans prepared as part of the development proposal submitted in connection with the approval of the Agreement. All aspects of the design of the Office Public Improvements shall be subject to the approval of the Agency and District.

III. KITCHEN/WAREHOUSE PUBLIC IMPROVEMENTS

1. Agency shall prepare final plans for the Kitchen/Warehouse Public Improvements in consultation with District to ensure that said improvements meet District's operational requirements.

2. The first floor of the existing warehouse building shall be renovated as follows:

    - A permanent improvement shall be added dividing the first floor area into two areas.

    - The northern portion of the first floor shall be reconfigured to accommodate District's Nutrition Services functions. Such kitchen equipment required to prepare and store student lunches shall be installed, including, but not limited to, stoves, ovens and other heating equipment, refrigerators, freezers, food preparation counters, and washing stations. The design, layout, and installation of equipment shall comply with all applicable County Health regulations.

    - The southern portion of the first floor shall be reconfigured to accommodate District's warehouse functions.

    - The existing distribution receiving dock shall be reconfigured to accommodate at least two delivery trucks; two tractor trailers; and possibility of more than one dock.

3. The second or mezzanine floor of the existing warehouse building shall be renovated as follows:

    - The existing mezzanine shall be reduced in size in order to accommodate the kitchen and warehouse functions on the first floor.

    - Remaining flex-office areas shall be reconfigured for District's office functions.

4. All development shall conform to the development standards adopted as part of the Development Area One (ADP-1) regulations as set forth in Title 22 of the Cerritos Municipal Code.

5. All renovations shall be designed and constructed to be consistent with the conceptual drawings and plans prepared as part of the development proposal submitted in connection with the approval of the Agreement. All aspects of the design of the Kitchen/Warehouse Public Improvements shall be subject to the approval of the Agency and District.

EXHIBIT "E"

SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
1.	Effective Date (Article 1)	Agreement is fully executed by the Parties and City, Agency, and District approve at public meeting(s)
2.	Agency files the Validation Action (Article 2)	No later than 30 days after Effective Date
3.	Applications for Preliminary Entitlements filed with the City (Article 2)	No later than 30 days after favorable Validation Action Final Judgment (if obtained)
4.	Corporation submits application for IRS Certification (Article 2)	No later than 60 days after the Effective Date
5.	Corporation submits application for Franchise Tax Board Certification (Article 2)	No later than 60 days after receipt of IRS Certification
6.	Agency opens the Ground Lease Escrow (Article 3)	No later than 30 days after the Preliminary Entitlements Approval Date or favorable Validation Action Final Judgment (if obtained), whichever date is later
7.	Agency requests of Ground Lease Escrow Agent a preliminary title report for Ground Lease Parcels (Article 3)	No later than 5 days after Ground Lease Escrow Opening Date
8.	Commencement of Due Diligence Period (Section 1.1, Article 3)	The Effective Date for the AH/F/DDA
9.	District delivers to Agency the District's Environmental Documents and District's Litigation Documents (Article 3)	On or before Ground Lease Escrow Opening Date
10.	Conclusion of Due Diligence Period (Section 1.1, Article 3)	Thirty (30) days after Escrow Opening Date, Preliminary Entitlement Approval Date, or favorable Validation Action Final Judgment (if obtained), whichever date is latest

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
11.	Agency delivers to District and Ground Lease Escrow Agent approval or disapproval of preliminary title report and any exceptions (Article 3)	No later than conclusion of Due Diligence Period
12.	Close of Escrow (Article 3)	No later than 30 days after satisfaction (or written waiver of) all Ground Lease Conditions Precedent to Closing
13.	Outside Closing Date for Ground Lease Escrow (Section 1.1, Article 3)	No later than 90 days after the Ground Lease Escrow Opening Date, Preliminary Entitlements Approval Date, or favorable Validation Action Final Judgment (if obtained), whichever date is latest
14.	Corporation establishes and opens the Cuesta Villas Project Trust Fund	No later than 30 days after Ground Lease Escrow Closing Date
15.	Agency deposits Agency Initial Trust Fund Deposit (Article 8)	No later than 30 days after Corporation has opened Cuesta Villas Project Trust Fund
16.	Agency issues Bid Documents for construction of the Public Improvements at the 166th/Moore Streets Properties (Article 4)	No later than 45 days after satisfaction or written waiver of all Public Improvements Conditions Precedent or date on which the relocation of sufficient number of existing tenants has been completed, whichever date is later.
17.	Agency awards a contract for construction of the Public Improvements at the 166th/Moore Streets Properties (Article 4)	Subject to any applicable laws and Agency and District rights to revise Site Plans for 166th/Moore Streets Properties, no later than 45 days after cut-off date to receive bids
18.	Agency commences or causes the commencement of construction of the Public Improvements at the 166th/Moore Streets Properties (Article 4, Section 4.8, Section 11.3)	No later than 45 days after date of award of contract subject to events of force majeure

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
19.	Agency completes or causes completion of construction of the Public Improvements at the 166th/Moore Streets Properties as evidenced by the issuance by City of a Certificate of Occupancy (Article 4, Section 4.8, Section 11.3)	No later than 270 days after date of commencement of public improvements, subject to events of force majeure
20.	District solicits no less than 3 public bids for Eligible Relocation Activities (Article 5, Section 5.3.1)	No later than 30 days after the date of completion of the Kitchen/Warehouse Public Improvements or date of completion of the Office Public Improvements, whichever completion date is later
21.	District awards bid for Eligible Relocation Activities to lowest responsive and responsible bid (Article 5, Section 5.3.1, Section 11.3)	Subject to events of force majeure, no later than 30 days after the date District solicits no less than 3 public bids
22.	District completes the relocation of its administrative offices and facilities to the 166th/Moore Streets Properties as evidenced by the delivery of a Relocation Completion Notice, containing the Relocation Completion Date, to Agency and Corporation (Article 5, Sections 5.3.1, 5.7, 11.3)	Subject to events of force majeure, no later than 90 days after award to lowest responsive and responsible bid
23.	Corporation and Agency execute the Ground Lease Assignment and Assumption Agreement and Memorandum thereof for all Ground Lease Parcels (Article 6)	No later than 30 days after the Relocation Completion Date or delivery to Corporation of Franchise Tax Board Certification, whichever date is later
24.	Corporation and Agency execute and cause the recording of the Cuesta Villas Project Deeds of Trust for each Ground Lease Parcel (Article 6)	Immediately after recording the Memoranda of Assignment and Assumption Agreements for each Ground Lease Parcel
25.	Agency executes for the benefit of District the Ground Lease Rent Payment Guaranty (Articles 3 and 8)	Concurrently with Ground Lease Assignment and Assumption Agreement

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
26.	Corporation executes for the benefit of District the Deposit Account Control Agreement and UCC Financing Statement (Articles 3 and 8)	Concurrently with Ground Lease Assignment and Assumption Agreement
27.	Corporation solicits bids for demolition of existing improvements on Norwalk Boulevard Property and construction of the Senior Affordable Residential Complex (Article 6, Section 6.13)	No later than 45 days after the later of: (i) satisfaction or written waiver of all Cuesta Villas Project Conditions Precedent, or (ii) obtaining from City necessary permits to commence construction
28.	Corporation awards a contract for demolition of existing improvements on Norwalk Boulevard Property and construction of the Senior Affordable Residential Complex (Article 6, Section 6.13)	No later than 45 days after solicitation of bids
29.	Corporation commences demolition of existing improvements on Norwalk Boulevard Property and construction of the Senior Affordable Residential Complex (Article 6, Section 6.13, Section 11.3)	No later than 45 days after award of contract, subject to events of force majeure
30.	Corporation completes demolition of existing improvements on Norwalk Boulevard Property and construction of the Senior Affordable Residential Complex as evidenced by the issuance by City of a Notice of Completion of Construction (Article 6, Section 6.13, Section 11.3)	No later than 27 months after commence demolition and construction, subject to events of force majeure
31.	Corporation may request from Agency a Release of Construction Covenants for the Senior Affordable Residential Complex Parcel (Article 6, Section 6.17)	Upon issuance by City of Notice of Completion of Construction
32.	Agency executes and delivers Corporation a Release of Construction Covenants for the Senior Affordable Residential Complex Parcel or otherwise responds to Corporation's request (Article 6, Section 6.17)	Without unreasonable delay after Corporation's request, subject to Agency requiring additional action

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
33.	Corporation solicits bids for construction of the Senior Center (Article 6, Section 6.13)	No later than 30 days after Corporation receives Certificate of Completion of Construction for Senior Affordable Residential Complex
34.	Corporation awards a contract for construction of the Senior Center (Article 6, Section 6.13)	No later than 45 days after solicitation of bids
35.	Corporation commences construction of the Senior Center (Article 6, Section 6.13, Section 11.3)	No later than 45 days after award of contract, subject to events of force majeure
36.	Corporation completes construction of the Senior Center as evidenced by the issuance by City of a Notice of Completion of Construction (Article 6, Section 6.13, Section 11.3)	No later than 360 days after commencement of construction, subject to events of force majeure
37.	Corporation may request from Agency a Release of Construction Covenants for the Senior Center Parcel (Article 6, Section 6.17)	Upon issuance by City of Notice of Completion of Construction
38.	Agency executes and delivers Corporation a Release of Construction Covenants for the Senior Center Parcel or otherwise responds to Corporation's request (Article 6, Section 6.17)	Without unreasonable delay after Corporation’s request, subject to Agency requiring additional action
39.	Corporation solicits bids for construction of the Park (Article 6, Section 6.13)	No later than 30 days after Corporation receives Certificate of Completion for Senior Center
40.	Corporation awards a contract for construction of the Park (Article 6, Section 6.13)	No later than 45 days after solicitation of bids
41.	Corporation commences construction of the Park (Article 6, Section 6.13, Section 11.3)	No later than 45 days after award of contract, subject to events of force majeure

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
42.	Corporation completes construction of the Park as evidenced by the issuance by City of a Notice of Completion of Construction (Article 6, Section 6.13, Section 11.3)	No later than 360 days after commence construction, subject to events of force majeure
43.	Corporation may request from Agency a Release of Construction Covenants for the Park Parcel (Article 6, Section 6.17)	Upon issuance by City of Notice of Completion of Construction
44.	Agency executes and delivers Corporation a Release of Construction Covenants for the Park Parcel or otherwise responds to Corporation's request (Article 6, Section 6.17)	Without unreasonable delay after Corporation's request, subject to Agency requiring additional action
45.	Agency's guaranty of payment of Ground Lease Rent ceases and Corporation's security interest in the Cuesta Villas Project Trust Fund becomes effective	At the end of the Guaranty Term as defined in the Ground Lease Rent Payment Guaranty (which is no later than May 6, 2026)

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule and the text of the Agreement, the text shall govern. Times of performance under the Agreement may be extended by mutual written agreement of the Parties.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

EXHIBIT "F-1"

MEMORANDUM OF AGREEMENT FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing, Financing, and Disposition and Development Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is dated as of _____, and entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City"), CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District") and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

This Memorandum is made with reference to the following:

1. On or about _____, _____, City, Agency, District, and Corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Memorandum by this reference.

2. The AH/F/DDA provides for City, Agency, District, and Corporation to enter into this Memorandum and, upon the terms and conditions set forth therein, to record this Memorandum in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of the AH/F/DDA, which is binding on City, Agency, District, and Corporation, and their successors-in-interest as to the Property.

3. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Memorandum as of the dated inserted above.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Insert Legal Description for appropriate parcel]

EXHIBIT "F-2"

MEMORANDUM OF AGREEMENT FOR SENIOR CENTER PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing, Financing, and Disposition and Development Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is dated as of _____, and entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City"), the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District") and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

This Memorandum is made with reference to the following:

1. On or about _____, _____, City, Agency, District, and Corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Memorandum by this reference.

2. The AH/F/DDA provides for City, Agency, District, and Corporation to enter into this Memorandum and, upon the terms and conditions set forth therein, to record this Memorandum in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of the AH/F/DDA, which is binding on City, Agency, District, and Corporation, and their successors-in-interest as to the Property.

3. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Memorandum as of the dated inserted above.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____

_____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____

_____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

ATTACHMENT "1" TO MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Insert Legal Description for appropriate parcel]

EXHIBIT "F-3"

MEMORANDUM OF AGREEMENT FOR PARK PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing, Financing, and Disposition and Development Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is dated as of _____, and entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City"), the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District") and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

This Memorandum is made with reference to the following:

1. On or about _____, _____, City, Agency, District, and Corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Memorandum by this reference.

2. The AH/F/DDA provides for City, Agency, District, and Corporation to enter into this Memorandum and, upon the terms and conditions set forth therein, to record this Memorandum in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of the AH/F/DDA, which is binding on City, Agency, District, and Corporation, and their successors-in-interest as to the Property.

3. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Memorandum as of the dated inserted above.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]
STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

ATTACHMENT "1" TO MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Insert Legal Description for appropriate parcel]

EXHIBIT "F-4"

MEMORANDUM OF AGREEMENT FOR 166th STREET PROPERTY

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing, Financing, and Disposition and Development Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is dated as of _____, and entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City"), the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District") and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

This Memorandum is made with reference to the following:

1. On or about _____, _____, City, Agency, District, and Corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Memorandum by this reference.

2. The AH/F/DDA provides for City, Agency, District, and Corporation to enter into this Memorandum and, upon the terms and conditions set forth therein, to record this Memorandum in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of the AH/F/DDA, which is binding on City, Agency, District, and Corporation, and their successors-in-interest as to the Property.

3. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Memorandum as of the dated inserted above.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]
STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

ATTACHMENT "1" TO MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Insert Legal Description for appropriate parcel]

EXHIBIT "F-5"

MEMORANDUM OF AGREEMENT FOR MOORE STREET PROPERTY

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing, Financing, and Disposition and Development Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is dated as of _____, and entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City"), the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District") and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

This Memorandum is made with reference to the following:

1. On or about _____, _____, City, Agency, District, and Corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Memorandum by this reference.

2. The AH/F/DDA provides for City, Agency, District, and Corporation to enter into this Memorandum and, upon the terms and conditions set forth therein, to record this Memorandum in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of the AH/F/DDA, which is binding on City, Agency, District, and Corporation, and their successors-in-interest as to the Property.

3. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Memorandum as of the dated inserted above.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

_____
Attorneys for Cerritos Redevelopment Agency

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

APPROVED AS TO FORM

_____
City Attorney

[signatures continue on next page]

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

APPROVED AS TO FORM

_____
Attorneys for ABC Unified School District

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]
STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

ATTACHMENT "1" TO MEMORANDUM OF AFFORDABLE HOUSING, FINANCING, AND DISPOSITION AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Cerritos, County of Los Angeles, State of California, described as follows:

[Insert Legal Description for appropriate parcel]

EXHIBIT "G"

GROUND LEASE

[Attached]

GROUND LEASE

This GROUND LEASE ("Ground Lease") dated as of _____, _____, (the "Ground Lease Effective Date"), is entered into by and between ABC UNIFIED SCHOOL DISTRICT, a California public school district ("Landlord" or "District"), and CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Tenant" or "Agency"). District and Agency are hereinafter periodically referred to individually as a "Party" or "Parties" and collectively as the "Parties."

R E C I T A L S

A. On or about _____, _____, Agency, District, the City of Cerritos, a California municipal corporation ("City"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, to facilitate the provision of affordable housing for senior citizens within the City. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. District is the owner in fee of that certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference (the "Norwalk Boulevard Property"). As of the Ground Lease Effective Date, the Norwalk Boulevard Property is improved as the site for the District's administrative offices. The District has declared the Norwalk Boulevard Property as surplus property pursuant to District Resolution No. 06-31 and determined that the best use is for a long-term lease to generate sufficient income to cover the cost of alternative District facilities and provide substantial revenue to support ongoing facility needs. In response to District's solicitation of bids, Agency adopted Resolution No. CRA 2007-2 on June 14, 2007, which authorized Agency to submit a proposal for the long-term lease of the Norwalk Boulevard Property. Pursuant to Resolution No. CRA 2007-2, Agency submitted a bid to lease the Norwalk Boulevard Property, which was accepted by District at its duly noticed regular hearing .

C. Pursuant to the AH/F/DDA, applications were filed with the City for the subdivision of the Norwalk Boulevard Property in accordance with the Subdivision Map Act (Government Code Section 66410 et seq.), the City of Cerritos Municipal Code, and any and all state and local implementing rules, regulations, and policies. The purpose for the subdivision of the Norwalk Boulevard Property was to create separate legal parcels in order to effectively develop, operate, and manage a senior citizen affordable housing complex, senior citizen recreation center, and park (and related improvements thereto). Pursuant to the subdivision procedures as provided in law, the City of Cerritos Planning Commission and City Council approved the following legal parcels: that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as

Attachment "2" and incorporated herein by this reference (the "Senior Affordable Residential Complex Parcel"); that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Attachment "3" and incorporated herein by this reference (the "Senior Center Parcel"); and that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Attachment "4" and incorporated herein by this reference (the "Park Parcel"). Collectively, the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel are the "Ground Lease Parcels."

D. Pursuant to the AH/F/DDA, in the event that the Planning Commission and City Council approved the subdivision of the Ground Lease Parcels, the final map creating said parcels was to be recorded in the Los Angeles County Registrar-Recorder/County Clerk's Office ("Recorder's Office") immediately prior to the transfer of a ground leasehold interest in the Norwalk Boulevard Property from District to Agency as serviced through an escrow established therefore (the "Ground Lease Escrow"). As such, District would remain the owner of fee title to the Ground Lease Parcels and would transfer to Agency a ground leasehold interest in the Ground Lease Parcels. Agency would acquire said ground leasehold interest to further the goal of providing a site for the development and operation of a senior citizen affordable housing community in accordance with the AH/F/DDA. By so acquiring the Ground Lease Parcels and satisfying its obligations as provided in this Ground Lease and AH/F/DDA, Agency will fulfill its obligations under the Community Redevelopment Law, Health and Safety Code Section 33000 et seq., (the "CRL") to provide, improve, and preserve affordable housing within the City of Cerritos.

E. All conditions precedent to the parties entering into this Ground Lease have been satisfied or waived. Each of the Ground Lease Parcels shall be separately governed by the terms and conditions of this Ground Lease as though three separate ground leases have been executed and approved for each Ground Lease Parcel.

F. The acquisition of the Ground Lease Parcels, and the development and operation of the senior affordable residential complex, senior center, park, and related facilities thereto, all as provided in this Ground Lease and AH/F/DDA, and the fulfillment generally of this Ground Lease and the AH/F/DDA, are in the vital and best interest of the City of Cerritos and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

A G R E E M E N T

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

ARTICLE 1. DEFINITIONS.

If not defined in the AH/F/DDA, capitalized terms used in this Ground Lease are defined wherein used in this Ground Lease and/or as set forth in this Article 1. Unless otherwise defined

herein, all capitalized terms shall have the same meaning ascribed to them in the AH/F/DDA which meanings are incorporated by this reference.

"Adjusted Ground Lease Rent" shall have the meaning set forth in Article 5 of this Ground Lease.

"Affordable Rent" shall have the meaning set forth in the Regulatory Agreement attached to the AH/F/DDA.

"Agency" shall mean the Cerritos Redevelopment Agency, a public body, corporate and politic.

"AH/F/DDA" shall mean that certain Affordable Housing, Financing, and Disposition and Development Agreement referenced in the Recitals to this Ground Lease.

"Authorized Non-Senior Citizen Users" shall mean persons under the age of fifty-five (55) who have received authorization to use the Senior Center and Park pursuant to established policies and programs.

"Base Ground Lease Rent" shall mean the amount of Three Million Seventy Thousand Dollars ($3,070,000.00) that serves as the base rent that Tenant must pay Landlord as set forth in Article 5.

"Certificate of Occupancy Seventy Percent Date" shall mean the date on which seventy percent (70%) of the Restricted Units in the Senior Affordable Residential Complex have been leased up to Regulatory Agreement Qualified Residents and a Certificate of Occupancy from City has been received for the Senior Affordable Residential Complex.

"Condemnation Award" shall mean all compensation paid or payable by reason of a Taking, whether pursuant to judgment, agreement or otherwise.

"District" shall mean the ABC Unified School District, a California public school district.

"Event of Default" shall have the meaning set forth in Article 20 of this Ground Lease.

"Event(s) of Force Majeure" shall have the meaning set forth in Article 21 of this Ground Lease.

"Final Ground Lease Rent Payment Date" shall mean the final date upon which Ground Lease Rent shall be due and payable by Tenant to Landlord pursuant to this Ground Lease.

"First Ground Lease Rent Payment Date" shall mean the first date upon which Ground Lease Rent shall be due and payable by Tenant to Landlord pursuant to this Ground Lease.

"Ground Lease" shall mean this Ground Lease by and between Landlord and Tenant.

"Ground Lease Effective Date" shall mean the date inserted in the preamble to this Ground Lease.

"Ground Lease Permitted Transfers" shall mean those pre-approved transfers and assignments as set forth in Article 17 of this Ground Lease.

"Ground Lease Rent" shall mean collectively Base Ground Lease Rent and any Adjusted Ground Lease Rent and any additional Ground Lease Rent.

"Ground Lease Rent Adjustment Index" shall have the meaning set forth in Article 5 of this Ground Lease.

"Ground Lease Rent Payment Date" shall mean any date after the Second Ground Lease Rent Payment Date during the Ground Lease Rent Payment Term on which Ground Lease Rent is due and payable by Tenant to Landlord as prescribed in this Ground Lease.

"Ground Lease Rent Payment Term" shall mean the period during which Tenant shall have an obligation to pay Ground Lease Rent to Landlord as provided in Article 5 of this Ground Lease.

"Ground Lease Term" shall mean the entire term during which the covenants, terms, and conditions of this Ground Lease shall be in full force and effect as provided in Article 3.

"Improvements" or "improvements" shall mean, unless more specifically defined in this Ground Lease or AH/F/DDA, general improvements that have been constructed or will be constructed on the Ground Lease Parcels, or any portion thereof.

"Landlord" shall mean the ABC Unified School District, a California public school district, and its successors and assigns as permitted by the AH/F/DDA and this Ground Lease.

"Park Parcel Early Termination Conditions Precedent" shall mean those conditions precedent that must be satisfied (or waived in writing) by District for the benefit of Tenant as more fully described in Article 13 of this Ground Lease.

"Park Parcel Early Termination Proceedings" shall mean the proceedings that must be accomplished prior to the reversion of the Park Parcel to District, as provided for in Article 13 of this Ground Lease.

"Park Parcel Early Termination Reversion Date" shall mean the date upon which Landlord has satisfied (or Tenant has waived in writing) all Park Parcel Early Termination Conditions Precedent, upon which Tenant's leasehold interest in the Park Parcel shall revert to Landlord.

"Partial Taking" shall mean any Taking that is not a Total Taking.

"Party," "party," "Parties," and "parties" shall individually refer to Landlord or Tenant and collectively refer to Landlord and Tenant.

"Relocation Completion Date" shall mean the date when the relocation of District's movable property from the Ground Lease Parcels to the 166th/Moore Streets Properties has been completed.

"Rent" as used in this Ground Lease (unless otherwise defined herein) shall mean Ground Lease Rent.

"Second Ground Lease Rent Payment Date" shall mean the second date upon which Ground Lease Rent shall be due and payable by Tenant to Landlord pursuant to this Ground Lease.

"Senior Citizen Users" shall mean persons fifty-five (55) years or older who, by virtue of being a senior citizen of such age, have the right to use the Senior Center and Park pursuant to pursuant to established policies and programs.

"Sublease Rent" shall have the meaning set forth in Article 4 of this Ground Lease.

"Taking" shall mean any taking or damage to any Ground Lease Parcel or any portion thereof or interest therein, including severance damage, under the power of eminent domain or by inverse condemnation. A "Taking" shall include any voluntary conveyance or transfer in lieu of the exercise of the power of eminent domain or while eminent domain proceedings are pending.

"Temporary Sublease Term" shall mean the term of the sublease of the Ground Lease Parcels from Tenant to Landlord to accommodate the construction of Public Improvements on the 166th/Moore Streets Properties and relocation of District administrative offices and kitchen/warehouse facility, as set forth in Article 4 of this Ground Lease.

"Tenant" shall mean the Cerritos Redevelopment Agency, a public body, corporate and politic, and its successors and assigns as permitted by the AH/F/DDA and this Ground Lease herein.

"Tenant FF&E" shall mean all machinery, trade fixtures, furnishing, equipment, and other personal property on the Ground Lease Parcels that constitutes personal property of the Tenant as provided in this Ground Lease.

"Total Taking" shall mean with respect to any Ground Lease Parcel the Taking of all of that Ground Lease Parcel or so much of that Ground Lease Parcel that, in the reasonable discretion of Tenant, it is determined that the remainder is unsuitable for Tenant's continued use.

ARTICLE 2. GROUND LEASE OF PARCELS TO AGENCY

2.1 Ground Lease. Subject to the terms and conditions of this Ground Lease, Landlord hereby leases to Tenant, and Tenant hereby hires and leases from Landlord, the Senior Affordable Residential Complex Parcel, the Senior Center Parcel, and Park Parcel.

2.2 Purpose of Ground Lease. The purpose of this Ground Lease is to provide for the demolition, construction, maintenance, management, and operation of the Cuesta Villas Project. Tenant shall not occupy or use the Ground Lease Parcels, nor permit the Ground Lease Parcels to be occupied or used, nor do or permit anything to be done in or on the Ground Lease Parcels, in whole or in part, for any other purpose unless authorized by this Ground Lease and the AH/F/DDA.

2.3 Recorded Encumbrances. This Ground Lease, the interests of Landlord and Tenant hereunder, and the Ground Lease Parcels, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record prior to the recordation of this Ground Lease.

2.4 Memorandum of Ground Lease. A short form Memorandum of Ground Lease referring to this Ground Lease, substantially in the forms attached as Exhibit "H-1", Exhibit "H-2", and Exhibit "H-3" to the AH/F/DDA, shall be executed by Landlord and Tenant concurrently herewith and recorded in the Recorder's Office against each of the Ground Lease Parcels in accordance with the instructions provided in the AH/F/DDA.

2.5 Separate Ground Leases for Each Ground Lease Parcel. The covenants, terms, and conditions set forth in this Ground Lease shall be deemed to be separate covenants, terms, and conditions for each respective Ground Lease Parcel, such that each Ground Lease Parcel shall be deemed to be governed by a separate Ground Lease notwithstanding that one instruments has been executed for the three separate Ground Lease Parcels.

ARTICLE 3. TERM OF GROUND LEASE.

3.1 Commencement and Termination. The term of this Ground Lease shall commence on the Ground Lease Escrow Closing Date and shall continue thereafter in full force and effect (unless sooner terminated as provided in the AH/F/DDA or this Ground Lease) until the date that is fifty-five (55) years from the Certificate of Occupancy Seventy Percent Date (the "Ground Lease Term").

3.2 **Memorializing Date of Receipt of Certificate(s) of Occupancy**. At the request of either party to this Ground Lease, the parties shall execute a recordable instrument that memorializes the month, date, and year of termination of the Ground Lease Term based upon the definition above, it being understood by the parties that the month, date, and year of the termination of this Ground Lease can only be certain after the City has issued the required percentage of Certificate(s) of Occupancy for the Senior Affordable Residential Complex.

ARTICLE 4. TEMPORARY SUBLEASE OF GROUND LEASE PARCELS.

4.1 Need for Temporary Sublease. The parties acknowledge and agree that Landlord cannot immediately be relocated to the 166th/Moore Streets Properties until the Public Improvements thereon are completed as provided in the AH/F/DDA. Therefore, Landlord shall have the right to remain on the Ground Lease Parcels upon the commencement of the Ground Lease Term until such date as the relocation of District's administrative offices and kitchen/warehouse facility from the Ground Lease Parcels to the 166th/Moore Streets Properties has been completed.

4.2 Sublease Back to Landlord. From the commencement of the Ground Lease Term, Tenant shall sublease back to Landlord, and Landlord shall sublease from Tenant, the Ground Lease Parcels.

4.3 Term of Sublease. The term of the sublease of the Ground Lease Parcels from Tenant to Landlord shall commence on the Ground Lease Escrow Closing Date and shall

continue each month thereafter, on a month to month tenancy, until the Relocation Completion Date as provided in the AH/F/DDA (the "Temporary Sublease Term").

4.4 Sublease Rent. In consideration of Tenant's sublease to Landlord of the Ground Lease Parcels, Landlord shall pay to Tenant in lawful money of the United States the sum of One Dollar ($1.00) per year ("Sublease Rent"), due and payable to Tenant on the date that is one (1) year after the commencement of the Ground Lease Term and each year thereafter. All sums of money payable by Landlord to Tenant during the Temporary Sublease Term not specifically characterized as rental payments shall constitute additional Sublease Rent. Nothing contained in this Ground Lease shall be deemed to suspend or delay the payment of any sum of money at the time it becomes due and payable to Tenant during the Temporary Sublease Term.

4.5 Use of Ground Lease Parcels During Sublease. During the Temporary Sublease Term, Landlord shall use the Ground Lease Parcels and existing improvements thereon for the same uses and purposes as Landlord used the Norwalk Boulevard Property and improvements thereon immediately prior to the commencement of the Ground Lease Term. In explanation of the foregoing, it is Tenant's express understanding that Landlord used the Ground Lease Parcels and improvements thereon during the period immediately prior to the commencement of the Ground Lease Term as the administrative offices of the District, a kitchen/warehouse facility, and incidental and related uses thereto.

4.6 Operation, Maintenance, or Repair Obligations. During the Temporary Sublease Term, Tenant shall have no obligation for the operation, maintenance, or repair of the Ground Lease Parcels. During the Temporary Sublease Term, Landlord shall maintain or cause to be maintained the Ground Lease Parcels in good and reasonable repair consistent with the level of maintenance and repair that was provided by Landlord prior to the commencement of the Ground Lease Term, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Agency places prime importance on quality maintenance to protect its investment and to ensure that improvements within the City of Cerritos are not allowed to deteriorate due to substandard maintenance. For the Temporary Sublease Term, Landlord shall keep the Ground Lease Parcels and improvements thereon free from all graffiti and any accumulation of debris or waste material, and Landlord shall make all repairs and replacements necessary to keep the improvements in good and reasonable repair, and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping. In the event that Landlord breaches any of the covenants contained in this Section, and such default continues for a period of five (5) days after written notice from Tenant (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Tenant (with respect to building improvements), then Tenant in addition to whatever other remedy it may have at law or in equity shall have the right to enter upon the Ground Lease Premises and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Tenant shall be permitted (but not required) to enter upon the Ground Lease Parcels and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Ground Lease Parcels, and to charge Landlord as additional Sublease Rent the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation and/or costs of such cure. Landlord shall pay Tenant the amount of costs incurred arising from the acts taken by Tenant pursuant to

this Section no later than thirty (30) days after delivery to Landlord of a bill or invoice for such work completed with documentation evidencing payment of such bill or invoice.

4.7 Utilities. During the Temporary Sublease Term, Landlord shall be responsible for the payment of all water, gas, electricity, refuse collection and disposal, and all other utilities used by Landlord on the Ground Lease Parcels.

4.8 Personal Property. During the Temporary Sublease Term, Landlord shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Landlord contained in the Ground Lease Parcels or elsewhere.

4.9 No Change in Environmental Conditions on Ground Lease Parcels. During the Temporary Sublease Term, Landlord shall not undertake, cause, authorize, or allow any activity that would alter the condition of title to or environmental condition of the Ground Lease Parcels as accepted by Agency at the Ground Lease Escrow Closing Date as provided in the AH/F/DDA. By way of example and not limitation of the foregoing sentence, Landlord shall not generate, treat, store, transport, dispose, or otherwise handle, or cause or allow for the generation, treatment, storage, transportation, disposal or other handling of any Hazardous Materials on the Ground Lease Parcels except as may be accepted by Agency at the Ground Lease Escrow Closing Date and except as may be necessary in the ordinary course of District's business. To the maximum extent allowed by law, Landlord shall defend, indemnify, and hold harmless Agency and its respective officers, officials, members, employees, agents, representatives, and volunteers from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any release, exposure, or other harm or threatened release, exposure or other harm from a Hazardous Material that was not known to and accepted by Agency to be located on the Ground Lease Parcels at the Ground Lease Escrow Closing Date.

4.10 Prohibition of Transfer or Assignment of Sublease. Landlord shall not transfer or assign during the Temporary Sublease Term all or any part of its leasehold interest in the Ground Lease Parcels or this Ground Lease without the prior written consent of Tenant, which may be granted or denied in Tenant's sole and absolute discretion.

4.11 Quiet Enjoyment; Right of Entry. During the Temporary Sublease Term, Landlord shall have the right to quiet and peaceful enjoyment of the Ground Lease Parcels. Tenant shall have a right of entry onto the Ground Lease Parcels and existing improvements thereon during commercially reasonable hours.

4.12 Insurance. During the entire Temporary Sublease Term, Landlord shall procure and maintain in form and content satisfactory to Tenant the following insurance:

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements;

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars

($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

(d) "All Risk" property insurance covering one hundred percent (100%) of the replacement cost of the improvements on the Ground Lease Parcels in the event of fire, lightening, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" property policies in the area where the Ground Lease Parcels are located (including loss by flood if the Ground Lease Parcels are in an area designated as subject to danger of flood).

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the City of Cerritos and Cerritos Redevelopment Agency and respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City and Agency and respective officers, employees, and agents, and City's and Agency's respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to City and Agency. In the event that any of the insurance policies required in this Section are canceled, Landlord shall obtain replacement insurance and shall deliver new evidence of said replacement insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon Tenant's written request for the duration of the Temporary Sublease Term, Landlord shall deliver to Tenant any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Landlord may satisfy the insurance required during the Temporary Sublease Term through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of the Temporary Sublease Term. In the event that Landlord has a self-insurance program or policy, Landlord shall deliver to Tenant no later than ten (10) days after the commencement of the Ground Lease Term evidence satisfactory to Tenant that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If Tenant reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Landlord shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

4.13 Vacation of Parcels. Upon the termination of the Temporary Sublease Term, Landlord shall vacate and quit the Ground Lease Premises, and peaceably and quietly leave and surrender the Ground Lease Parcels and improvements existing thereon to Tenant. Landlord shall not unduly delay the vacating and quitting of the Ground Lease Parcels, it being expressly

understood and agreed that time is of the essence for the development of the Cuesta Villas Project upon the termination of the Temporary Sublease Term.

ARTICLE 5. RENT FOR GROUND LEASE.

5.1 Rent. During the Ground Lease Rent Payment Term, Tenant shall pay to Landlord the amount of Three Million Seventy Thousand Dollars ($3,070,000.00) annually ("Base Ground Lease Rent"), adjusted annually by the Ground Lease Rent Adjustment Index (the "Adjusted Ground Lease Rent"), pursuant to the terms and conditions herein. Base Rent and the Adjusted Ground Lease Rent shall collectively be referred to as "Ground Lease Rent."

5.2 Term and Dates of Payment. Tenant's obligation to pay Ground Lease Rent to Landlord shall commence on the Certificate of Occupancy Seventy Percent Date, and shall continue thereafter in full force and effect for the remainder of the Ground Lease Term (the "Ground Lease Rent Payment Term"). The first payment of Ground Lease Rent shall be due and payable on the first January 1 of the year following the year in which the Ground Lease Rent Payment Term commenced (the "First Ground Lease Rent Payment Date"). The second payment of Ground Lease Rent shall be due and payable on January 1 of the year following the First Ground Lease Rent Payment Date (the "Second Ground Lease Rent Payment Date"). Except for the final rental payment, each subsequent payment of Ground Lease Rent shall be due and payable on January 1 of the following year after the Second Ground Lease Rent Payment Date (each, a "Ground Lease Rent Payment Date"). The final rental payment shall be due and payable on the date that the Ground Lease Term terminates (the "Final Ground Lease Rent Payment Date"). Ground Lease Rent for any period during the Ground Lease Rent Payment Term which is for less than one (1) full calendar year shall be prorated based upon a 360-day calendar year with 30-day months.

5.3 Rent Adjustment Index. The "Ground Lease Rent Adjustment Index" shall be one-half (1/2) of the percentage increase, if any, during a current calendar year in the maximum amount allowed to be charged as Affordable Rent for Regulatory Agreement Qualified Residents in one-bedroom Moderate Income Restricted Units (as those terms are defined in the AH/F/DDA and Regulatory Agreement) when compared to the prior calendar year. The maximum amount allowed to be charged as Affordable Rent shall be determined in accordance with the Regulatory Agreement. In explanation of the foregoing, if the maximum amount allowed to be charged as Affordable Rent for Regulatory Agreement Qualified Residents in one-bedroom Moderate Income Restricted Units increased one percent (1%) from the prior calendar year, then the Ground Lease Rent Adjustment Index would be one-half (1/2) of one percent (1%), or .5%. In no event shall the Ground Lease Rent Adjustment Index exceed five percent (5%) for any given calendar year.

5.4 Application of Rent Adjustment Index and Adjusted Rent. On the Second Ground Lease Rent Payment Date (or in the event that there is no increase in the maximum amount chargeable as Affordable Rent as specified in Section 5.3 above, on the next Ground Lease Rent Payment Date for which there had been an increase in the maximum amount chargeable as Affordable Rent during the prior calendar year), the Base Ground Lease Rent shall be increased by the amount of the product of the Base Ground Lease Rent times the Ground Lease Rent Adjustment Index. For each Ground Lease Rent Payment Date thereafter, the

amount paid by Tenant (or successor or assign) to Landlord as Ground Lease Rent shall be the amount paid from the immediately prior Ground Lease Rent Payment Date (which shall be referred to as the "Adjusted Ground Lease Rent"), increased by the amount of the product of the Adjusted Ground Lease Rent times the Ground Lease Rent Adjustment Index. In no event shall the Ground Lease Rent for a subsequent Ground Lease Rent Payment Date be less than the Adjusted Ground Lease Rent paid by Tenant (or successor or assign) for the immediately prior Ground Lease Rent Payment Date.

In explanation of the foregoing, if the Ground Lease Rent Adjustment Index is one-half of one percent (or .5%) between the First Ground Lease Payment Date and the Second Ground Lease Rent Payment Date, Tenant (or successor or assign) shall pay on the Second Ground Lease Rent Payment Date Base Ground Lease Rent of $3,070,000 plus the amount computed pursuant to the Ground Lease Rent Adjustment Index, or $15,350 ($3,070,000 x .5%). The total amount paid of $3,085,350 on the Second Ground Lease Rent Payment Date shall be the "Adjusted Ground Lease Rent" for that Ground Lease Rent Payment Date. In further explanation of the foregoing, if the Ground Lease Rent Adjustment Index on the next Ground Lease Rent Payment Date is one-half of one percent (or .5%), Tenant (or successor or assign) shall pay the Adjusted Ground Lease Rent for the prior Ground Lease Rent Payment Date of 3,085,350 plus the amount computed pursuant to the Ground Lease Rent Adjustment Index, or $15,426.75 ($3,085,350 x .5%). The total amount paid of $3,100,776.75 on that Ground Lease Rent Payment Date shall be the "Adjusted Ground Lease Rent" for that Ground Lease Rent Payment Date.

5.5 Place for Payment of Ground Lease Rent. All Ground Lease Rent that becomes due and payable pursuant to this Ground Lease shall be paid to Landlord in lawful money of the United States at the address listed herein or such other place as the Landlord may from time to time designate by written notice to the Tenant without notice or demand.

5.6 Application of Ground Lease Deposit. Landlord shall apply the Ground Lease Deposit to Tenant's first payment of Ground Lease Rent on the First Ground Lease Rent Payment Date.

5.7 Records. Tenant shall keep full and accurate books of account, records and other pertinent data with respect to the payment of Ground Lease Rent and the general operations of the Cuesta Villas Project. Such books of account, records, and other pertinent data shall be kept for a period of three (3) years after the end of each Ground Lease Rent Payment Date. Landlord shall keep full and accurate books of account, records, and other pertinent data with respect to any and all moneys received in connection with this Ground Lease, including Ground Lease Rent payments received by Tenant. Either party to this Ground Lease, and any permitted successor or assign, shall have the right to inspect any records required to be maintained pursuant to this Ground Lease upon reasonable notice to the party required to keep such records. The party required to keep such records shall not withhold or delay inspection of such records.

5.8 Utilities. Upon the termination of the Temporary Sublease Term and from thereafter until the termination of the Ground Lease Term, Tenant shall be responsible for the payment of all water, gas, electricity, refuse collection and disposal, and all other utilities used by Tenant on the Ground Lease Parcels.

5.9 Taxes and Assessments.

5.9.1 Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Parcels. In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord notices Tenant that by entering into this Ground Lease, a possessory interest subject to assessment and collection of property taxes may be created. Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. If possessory interest taxes are assessed, Tenant agrees, from and after the expiration of the Temporary Sublease Term until expiration of the Ground Lease Term, that it is responsible for payment thereof and Landlord has no obligation or liability of any kind or nature relating to payment of property taxes. From and after the expiration of the Temporary Sublease Term, Tenant shall, at its sole cost and expense, seek exemption from, or contest the payment of, assessments and the collection of property taxes pursuant to Revenue and Taxation Code Section 214, or a successor statute. During the pendency of such contest or request, Tenant's non-payment of assessments or taxes when due shall not constitute a default hereunder if (i) the validity of such assessments and taxes are actively contested in good faith and by appropriate proceedings, (ii) Tenant has demonstrated to Landlord's reasonable satisfaction that leaving such assessments or taxes unpaid pending the outcome of such proceedings could not result in conveyance of any Ground Lease Parcel in satisfaction of such assessments or taxes or otherwise impair Landlord's estates in the Ground Lease Parcels, (iii) Tenant has furnished Landlord with a bond or other security satisfactory to Landlord in an amount not less than 100% of the applicable claim (including interest and penalties) and (iv) upon the final disposition of such proceedings, Tenant shall promptly pay all taxes and assessments then due, inclusive of any unpaid accrued penalties and interest. Landlord is a tax exempt public entity and no property taxes will be or are legally assessable against its fee interest.

5.9.2 Payment of Taxes. From and after the expiration of the Temporary Sublease Term, Tenant is responsible for and shall pay the real property and/or possessory interest taxes applicable to the Ground Lease Parcels during the Ground Lease Term, subject to any applicable exemptions. All such payments shall be made prior to the delinquency date of such payment. Tenant shall promptly furnish Landlord with satisfactory evidence that such taxes have been paid or that an exemption from such taxes has been obtained. If any such taxes paid by Tenant shall cover any period of time prior to the expiration of the Temporary Sublease Term or after the expiration of the Ground Lease Term, Tenant's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Ground Lease shall be in effect, and Landlord shall reimburse Tenant to the extent required. If Tenant shall fail to pay any such taxes, Landlord shall have the right to pay the same, in which case Tenant shall repay such amount to Landlord within ten (10) days after demand from Landlord.

5.9.3 Definition. As used herein, the term "real property tax" shall include any form of real estate tax or assessment (including, without limitation, on possessory interests), general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income, or estate taxes) imposed on any Ground Lease Parcel or any interest (including, without limitation, possessory interests) therein by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in

the Ground Lease Parcels or in the real property of which the Ground Lease Parcels are a part. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed as a result of a transfer, either partial or total, of Landlord's interest in the Ground Lease Parcels or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (v) which is imposed by reason of this lease transaction, any modifications or changes hereto, or any transfers hereof.

5.9.4 Personal Property. Upon the termination of the Temporary Sublease Term and thereafter until the termination of the Ground Lease Term, Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant FF&E located on the Ground Lease Parcels.

5.9.5 Apportionment. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant not later than the later of (a) thirty (30) days after receipt of a written statement setting forth the taxes applicable to Tenant's property or (b) fifteen (15) days prior to the date said taxes are due and payable.

ARTICLE 6. POSSESSION OF PROPERTY.

6.1 Acceptance of Premises. Pursuant to the terms and conditions in this Ground Lease, Tenant hereby accepts the Ground Lease Parcels and acknowledges that the Ground Lease Parcels are in the condition called for by the AH/F/DDA and this Ground Lease.

6.2 Condition of Ground Lease Parcels Accepted "As Is." Tenant shall be deemed to have accepted the Ground Lease Parcels as of the Ground Lease Effective Date "as is" without any representation or warranty of Landlord except as may have been provided in the AH/F/DDA. Tenant acknowledges that it has had the advice of such independent professional consultants and experts as it deems necessary in connection with its investigation and study of the Ground Lease Parcels and has, to the extent Tenant deemed necessary, independently investigated the condition of the Ground Lease Parcels, including the soils, hydrology, seismology, and archaeology thereof, and the laws relating to the construction, maintenance, use, and operation of the Improvements thereon. Landlord makes no covenant, warranty, or representation as to the suitability of the Ground Lease Parcels for the uses permitted by this Ground Lease, or respecting the condition of the soil, subsoil, or any other condition of the Ground Lease Parcels, nor does Landlord make any covenant, representation, or warranty regarding the suitability of the Ground Lease Parcels for the proposed development, construction, or use for the Cuesta Villas Project. Landlord shall not be responsible for any land subsidence, slippage, soil instability or damage resulting therefrom. Landlord shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on, under or about the Ground Lease Parcels to comply with any law or otherwise during the Ground Lease Term.

6.3 Ownership of Improvements. Unless otherwise provided herein, during the term of this Ground Lease, fee title to all Improvements now existing or later made on the Ground Lease Parcels are and shall be vested in Tenant.

6.4 Right to Quiet Enjoyment. So long as Tenant is not in default of this Ground Lease, from and after the expiration of the Temporary Sublease Term, Tenant may lawfully and peaceably hold, occupy, and enjoy the Ground Lease Parcels without disturbance, interruption, or hindrance by Landlord, or any person or entity claiming by or through Landlord; provided, however, that Tenant's right to quiet enjoyment for the Park Parcel shall terminate upon the early termination of the Ground Lease for the Park Parcel back to Landlord in accordance with Article 13 of this Ground Lease.

6.5 Surrender of Property.

6.5.1 Expiration or Termination. Tenant agrees that on the expiration or earlier termination of the Ground Lease Term, the ground leasehold estate hereby granted to Tenant may be terminated by Landlord. Upon such termination, the leasehold estate shall be forfeited and shall revert to Landlord, its successors and assigns, and all Improvements on the Property shall become the property of Landlord, or its permitted successors and assigns, in good condition, reasonable wear and tear excepted without further compensation therefor from Landlord to Tenant or any other person. Following any such expiration or termination, Tenant shall execute, acknowledge and deliver to Landlord a quitclaim deed, or other document required by a reputable title company, conveying all Tenant's right, title, and interest in and to the Ground Lease Parcels (or remaining Ground Lease Parcels if the Ground Lease for the Park Parcel has been previously terminated and interest reverted to Landlord pursuant to Article 13 of this Ground Lease) and Improvements to Landlord.

6.5.2 Condition. On expiration or earlier termination of the Ground Lease Term and in furtherance of the provisions relating to surrender of the Ground Lease Parcels as provided in this Ground Lease, Tenant shall peaceably and quietly leave and surrender the Ground Lease Parcels and the Improvements to Landlord in good order, condition and repair, reasonable wear and tear and damage or destruction from casualty excepted. Tenant shall leave in place and in good order, condition and repair, all fixtures and machinery, except (if Tenant is not then in default under this Ground Lease) Tenant shall have the right to remove any and all Tenant FF&E, which removal must be done without damage to the Ground Lease Parcels or Improvements.

6.5.3 Delivery of Documents. Contemporaneous with the expiration or earlier termination of the Ground Lease Term and subject to the provisions in this Ground Lease, Tenant shall immediately deliver to Landlord the following:

(a) Such documents, instruments and conveyances as Landlord may reasonably request to enable Landlord's ownership of each of the Ground Lease Parcels and the Improvements to be reflected of record, including, without limitation, a quitclaim deed in recordable form to each of the Ground Lease Parcels and the Improvements.

(b) If requested by Landlord, a lender's policy of title insurance, surety bond, or other security reasonably acceptable to Landlord insuring against all claims and liens against the Ground Lease Parcels and the Improvements other than those incurred by Landlord or accepted by Landlord in writing.

(c) All construction plans, surveys, permits, existing contracts for services, maintenance, operation, and any other documents relating to use, operation, management, and maintenance of the Improvements as may be in effect and/or in the possession of Tenant at the time and from time to time thereafter.

(d) All documents and instruments required to be delivered by Tenant to Landlord pursuant to this Section shall be in a form reasonably satisfactory to Landlord, including without limitation such documents and instruments shall be complete, originals or true copies, and legible.

6.6 Abandonment. Upon the expiration of the Temporary Sublease Term and from thereafter until the expiration or sooner termination of the Ground Lease Term, Tenant shall not abandon or vacate the Ground Lease Parcels or the Improvements at any time. If Tenant shall abandon, vacate or otherwise surrender the Ground Lease Parcels or the Improvements as proscribed in this Section, or be dispossessed (other than dispossession as the result of the early termination of the Ground Lease for the Park Parcel as provided in Article 13 or a Substantial Taking or a Taking as specified in Article 15 below) thereof by process of law or otherwise, the same shall constitute a default under this Ground Lease on the part of Tenant and, in addition to any other remedy available on the part of Landlord, any of Tenant's property left in, upon or about the Ground Lease Parcels or the Improvements shall, at Landlord's option, be deemed to be abandoned and shall become the property of Landlord.

ARTICLE 7. CONSTRUCTION OF THE IMPROVEMENTS.

7.1 Construction. Tenant shall demolish the existing Improvements and construct the new Improvements (i.e., the Senior Affordable Residential Complex, Senior Center, and Park) in accordance with the terms and conditions of the AH/F/DDA.

7.2 Notice of Completion. On completion of construction of the Senior Affordable Residential Complex, Senior Center, and Park, respectively, Tenant shall record or cause to be recorded a Release of Construction Covenants, as provided in the AH/F/DDA.

ARTICLE 8. USE OF THE GROUND LEASE PARCELS.

8.1 Covenant to Use in Accordance with Ground Lease. Tenant covenants and agrees for itself, its successors, assigns, and every successor in interest to Tenant's interest in the Ground Lease Parcels or any part thereof, that Tenant shall devote the Ground Lease Parcels to the uses specified in the AH/F/DDA and this Ground Lease until the expiration of the Ground Lease Term hereof.

8.2 Nondiscrimination by Tenant. Tenant covenants by and for itself and its heirs, executors, administrators and assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions:

(a) 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.

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

8.3 Use of Senior Affordable Residential Complex Parcel. The Senior Affordable Residential Complex Parcel shall be used for those purposes authorized in the Regulatory Agreement and for no other purpose.

8.4 Use of the Senior Center Parcel. The Senior Center Parcel shall be used for a recreational and social facility for Senior Citizen Users and Authorized Non-Senior Citizen Users and for no other purpose.

8.4.1 Types of Senior Citizen Uses and Services. The Senior Center Parcel shall be used for services that are targeted for and catered to Senior Citizen Users, which may include (depending upon demand) but are not limited to: fitness, dance, exercise, and aerobic classes; banquets and luncheons; computer and Internet access services; classes offered though the District's Adult School; and related leisure activities. The Senior Center shall have at least one "multi-purpose" room that will be of adequate size to accommodate a luncheon or banquet of at least one hundred (100) people in accordance with all occupational laws and safety standards. Tenant shall cause a list of programs and services at the Senior Center to be periodically published and made available. Landlord and Tenant (or any permitted successor or assign) shall use and be parties to a joint use agreement or similar agreement that shall be entered into for purposes of planning activities, uses, and services.

8.4.2 Authorized Non-Senior Citizens Uses. The "multi-purpose" room may be rented to Authorized Non-Senior Citizen Users for meetings and receptions. Tenant shall cause a policy to be enacted to allow for said use of the "multi-purpose" room.

8.4.3 Parking. In addition to any parking obligations required by the AH/F/DDA and exhibits attached thereto, Tenant shall institute and enforce in accordance with law a reasonable and effective parking plan for Senior Citizen Users and Authorized Non-Senior Citizen Users and their guests and invitees. Said parking plan shall coordinate use of parking spaces between the users of the Senior Center Parcel and Park Parcel (unless the Ground Lease for the Park Parcel terminates early and reverts to Landlord as provided in Article 13 of this Ground Lease). Said parking plan shall prohibit overnight parking privileges except as may be necessary or proper for the maintenance and security of the Senior Center. Said parking plan shall provide a procedure through which Tenant may remove any vehicle that is believed to have been abandoned or parked in violation of the parking plan, and any such removal procedure shall include notice and hearing rights (if required by law) prior to removal of a vehicle believed to have been abandoned. Said parking plan may include other similar provisions to promote the peaceful use of the Senior Center. Tenant shall keep in its records and make available upon request the requirements of said policy or amendments thereto.

8.4.4 Contract for Services. From and after the expiration of the Temporary Sublease Term and for the duration of the Ground Lease Term, Tenant shall have the right to contract with any individual or entity for the provision of services that are authorized to be conducted on the Senior Center Parcel pursuant to this Ground Lease.

8.5 Use of the Park Parcel. Unless the Ground Lease for the Park Parcel terminates early and reverts to Landlord in accordance with Article 13 of this Ground Lease, the Park Parcel shall be used for a recreational outdoor park and for no other purpose.

8.5.1 Facilities. Tenant shall use its best efforts to provide facilities that improve the use and enjoyment of the Park Parcel, including but not limited to play equipment, picnic shelters, athletic fields, and walking paths.

8.5.2 Authorized Users of the Park. The Park Parcel shall serve and benefit Regulatory Agreement Qualified Residents and members of the public in accordance with rules and policies established by Tenant. Athletic fields on the Park Parcel shall be made available to Tracy High School students during school hours.

8.5.3 Lighting. Tenant shall install and maintain lighting around walking paths and hardscape areas on the Park Parcel, and Tenant shall ensure such lighting remains in good and operable condition. Tenant may install and maintain specialized lighting for athletic fields so long as Tenant obtains from City any and all necessary permits and approvals for such lights. Tenant acknowledges and agrees that City shall, as part of its consideration for the issuance of its approval, solicit review and consent to said specialized lighting from the residences in the neighborhood immediately adjacent to the Park Parcel.

8.5.4 Security Cameras. Tenant shall install and maintain state of the art security cameras throughout the Park to monitor activity on the Park Parcel. The cameras shall be equipped with the capability to capture high-resolution images under low illumination and shall be compatible with technology requested by the Cerritos Sheriff's Station to allow for monitoring by the Sheriff's Station.

8.5.5 Parking. In addition to any parking obligations required by the AH/F/DDA and exhibits attached thereto, Tenant shall institute and enforce in accordance with law a reasonable and effective parking plan for users of the Park. Said parking plan shall coordinate use of parking spaces between the users of the Senior Center Parcel and Park Parcel (unless the Ground Lease for the Park Parcel terminates early as provided in Article 13 of this Ground Lease). Said parking plan shall prohibit overnight parking privileges except as may be necessary or proper for the maintenance and security of the Park. Said parking plan shall provide a procedure through which Tenant may remove any vehicle that is believed to have been abandoned or parked in violation of the parking plan, and any such removal procedure shall include notice and hearing rights (if required by law) prior to removal of a vehicle believed to have been abandoned. Said parking plan may include other similar provisions to promote the peaceful use of the Park. Tenant shall keep in its records and make available upon request the requirements of said policy or amendments thereto.

8.5.6 Contract for Services. During the entire Ground Lease Term, Tenant shall have the right to contract with any individual or entity for the provision of services that are authorized to be conducted on the Park Parcel pursuant to this Ground Lease.

ARTICLE 9. MAINTENANCE AND REPAIRS

9.1 Tenant Obligation After Temporary Sublease Term. Tenant shall have no obligation to comply with the obligations in this Article until the expiration of the Temporary Sublease Term.

9.2 No Obligation to Maintain Improvements to be Demolished. Upon the expiration of the Temporary Sublease Term, Tenant shall have no obligation to maintain or repair the existing Improvements that were used by District for its administrative offices, it being expressly understood and agreed by the parties that those existing Improvements shall be demolished, retrofitted, or remodeled in accordance with the AH/F/DDA so that the Cuesta Villas Project may be constructed.

9.3 Maintenance Obligations After Completion of Cuesta Villas Project. After the completion of the Senior Affordable Residential Complex on the Senior Affordable Residential Complex Parcel, and after the completion of the Senior Center on the Senior Center Parcel, and after the completion of the Park on the Park Parcel, as those Improvements are completed pursuant to the AH/F/DDA, respectively, Tenant shall maintain or cause to be maintained the respective Ground Lease Parcels, and each one of them, in first class condition and repair consistent with similar projects in the City of Cerritos and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Tenant shall keep the Ground Lease Parcels, and each of them, free from all graffiti and any accumulation of debris or waste material upon the completion of the respective Cuesta Villas Project Improvements on the respective Ground Lease Parcels. Tenant shall make all repairs and replacements necessary to keep the Cuesta Villas Project in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping. In the event that Tenant breaches any of the covenants contained in this Section, and such default continues for a period of five (5) days after written notice from Landlord (with respect to landscaping, graffiti, debris,

waste material, and general maintenance) or thirty (30) days after written notice from Landlord (with respect to building improvements), then Landlord in addition to whatever other remedy it may have at law or in equity shall have the right to enter upon the Ground Lease Premises and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Landlord shall be permitted (but not required) to enter upon the Ground Lease Parcels and perform all acts and work necessary to protect, maintain, and preserve the Cuesta Villas Project Improvements and landscaped areas on the Ground Lease Parcels, and to charge Tenant as additional Ground Lease Rent the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation and/or costs of such cure. Tenant shall pay Landlord the amount of costs incurred arising from acts taken by Landlord pursuant to this Section no later than thirty (30) days after delivery to Tenant of a bill or invoice for such work completed with documentation evidencing payment of such bill or invoice.

9.4 Early Termination of Ground Lease for Park Parcel. Notwithstanding anything in this Ground Lease to the contrary, in the event that the Ground Lease for the Park Parcel is terminated early and the interest therein reverts to Landlord pursuant to Article 13 of this Ground Lease, Tenant shall have no further maintenance or repair obligations for the Park, Park Parcel, or any other Improvements thereon, from and after the date upon which the Park Parcel reverts to Landlord.

ARTICLE 10. OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS.

10.1 Ownership During Ground Lease Term.

10.1.1 Improvements. Upon the Ground Lease Effective Date, Landlord hereby grants to Tenant, without warranty express or implied (except as may be provided in the AH/F/DDA), and Tenant hereby accepts, all Improvements on the Ground Lease Parcels. For the duration of the Ground Lease Term, all Improvements now or hereafter located on the Ground Lease Parcels shall be and remain the property of Tenant, and Landlord shall not have title thereto; provided, however, that Improvements on the Park Parcel shall become the property of Landlord on the date upon which the Park Parcel reverts to Landlord in the event the Ground Lease for the Park Parcel terminates early in accordance with Article 13 of this Ground Lease.

10.1.2 District Movable Property. During the Temporary Sublease Term, all "District movable property" as defined under "Eligible Relocation Expenses" in the AH/F/DDA shall remain the personal property of District. Upon the expiration of the Temporary Sublease Term, all machinery, trade fixtures, furnishing, equipment, and other personal property, including "District movable property" and appliances that are not so affixed to the Ground Lease Parcels or the buildings thereon as to require substantial damage to the buildings upon removal thereof shall become and remain the property of Tenant.

10.1.3 Tenant Fixtures and Personal Property. From and after the expiration of the Temporary Sublease Term for the duration of the Ground Lease Term, all machinery, trade fixtures, furnishing, equipment, and other personal property purchased or installed by Tenant on the Ground Lease Parcels (collectively, the "Tenant FF&E") shall constitute personal property of the Tenant and shall be and remain the property of Tenant. Provided Tenant is not in default under this Ground Lease, at any time after the expiration of the Temporary Sublease

Term until the date of expiration or termination of the Ground Lease Term (or until the date of the early termination of the Ground Lease for the Park Parcel as provided in Article 13 of this Ground Lease), Tenant shall have the right to remove any and all Tenant FF&E, provided that Tenant repairs any damage to the Ground Lease Parcels or the Improvements caused by such removal.

10.1.4 Basic Building Systems. For purposes of this Ground Lease, Tenant FF&E shall not include those major building components or fixtures necessary for operation of the basic building systems such as, but not limited to, the elevators, plumbing, sanitary fixtures, and central heating, ventilation, and air condition system(s).

10.2 Ownership at Expiration or Termination.

10.2.1 Property of Landlord. Upon the expiration or termination of the Ground Lease Term, all Improvements which constitute or are a part of any of the Ground Lease Parcels shall become (without the payment of compensation to Tenant or others) the property of Landlord. Upon the request of Landlord, Tenant shall quitclaim to Landlord any and all rights, interests and claims to the Improvements.

10.2.2 Unremoved Property. Upon the termination of the Ground Lease Term, any Tenant FF&E not removed by Tenant shall, without compensation to Tenant, become Landlords' property, free and clear of all claims to or against them by Tenant or any third person, firm or entity arising by, through or under Tenant.

10.3 Waste. Subject to the alteration rights of Tenant and damage and destruction or condemnation of the Ground Lease Parcels or any part thereof, Tenant shall not commit or suffer to be committed any waste of the Ground Lease Parcels or any part thereof, or the Improvements or Tenant FF&E thereon.

ARTICLE 11. SIGNS AND MARKETING.

11.1 Signs During Temporary Sublease Term. During the Temporary Sublease Term, Landlord shall not place or suffer to be placed on the Ground Lease Parcels or upon the roof or any exterior door or wall or on the exterior or interior of any window of the existing Improvements, any sign or other marquee except as may be in place and existing immediately prior to the Ground Lease Closing Date. In no event shall Landlord during the Ground Lease Term place or suffer to be placed on any of the Ground Lease Parcels or any Improvements thereon (including but not limited to the roof, parking area, and landscaped area) any billboard or other off-site commercial advertisement of any kind.

11.2 **Signs During Ground Lease Term**. During the Ground Lease Term, Tenant shall have the right to place or suffer to be placed on the Ground Lease Parcels or Improvements thereon any sign or marker of destination that has been approved by City in connection with the development and operation of the Cuesta Villas Project. In no event, however, shall Tenant place or suffer to be placed on any Ground Lease Parcel or any Improvement thereon any billboard or other off-site commercial advertisement of any kind.

ARTICLE 12. INSURANCE.

12.1 Required Insurance. Commencing on the expiration of the Temporary Sublease Term until the expiration or early termination of the Ground Lease Term, Tenant shall procure and maintain in form and content satisfactory to Landlord the following insurance (collectively, the "Ground Lease Insurance Requirements):

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements.

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

(d) "All Risk" property insurance covering one hundred percent (100%) of the replacement cost of the improvements on the Ground Lease Parcels in the event of fire, lightening, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" property policies in the area where the Ground Lease Parcels are located (including loss by flood if the Ground Lease Parcels are in an area designated as subject to danger of flood).

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the District and respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against District and respective officers, employees, and agents, and District's respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to District. In the event that any of the insurance policies required in this Section are canceled, Tenant shall obtain replacement insurance and shall deliver new evidence of said replacement insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon Landlord's written request, Tenant shall deliver to Landlord any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Tenant may satisfy the insurance required through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of the

Ground Lease Term from and after the expiration of the Temporary Sublease Term. In the event that Tenant has a self-insurance program or policy, Tenant shall deliver to Landlord no later than ten (10) days after the commencement of the expiration of the Temporary Sublease Term evidence satisfactory to Landlord that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If Landlord reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Tenant shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

12.2 Early Termination of Ground Lease for Park Parcel. Notwithstanding anything in this Ground Lease to the contrary, in the event that the Ground Lease for the Park Parcel terminates early and the interest therein reverts to Landlord pursuant to Article 13 of this Ground Lease, Tenant shall have no further insurance obligations for the Park, Park Parcel, or any other Improvements thereon, from and after the date upon which the Park Parcel reverts to Landlord.

ARTICLE 13. EARLY TERMINATION OF GROUND LEASE FOR PARK PARCEL.

13.1 Landlord Reservation of Right. Landlord hereby reserves, and Tenant hereby accepts, a right to terminate the Ground Lease for the Park Parcel and Improvements thereon prior to the expiration of the Ground Lease Term so long as the provisions in this Article 13 have been satisfied.

13.2 Intent for Reservation of Right to Early Termination. Landlord hereby represents and warrants, and Tenant hereby materially relies upon said representation and warranty, that the sole and only reason for which Landlord may exercise the right to terminate early the Ground Lease for the Park Parcel is to accommodate the construction and operation of public school classroom facilities for kindergarten through high school students in the event that the District's enrollment size increases during the Ground Lease Term to such an extent that existing District school classroom facilities can no longer accommodate student demand.

13.3 Procedure for Early Termination of Ground Lease for Park Parcel; Conditions Precedent. Provided Tenant is not in default of this Ground Lease, Landlord shall not have a right to terminate the Ground Lease for the Park Parcel prior to the expiration of the Ground Lease Term, and Tenant shall have no obligation to surrender and vacate the Park Parcel, unless Landlord satisfies (or Tenant waives in writing in its sole and absolute discretion) each and every one of the conditions precedent (a) through (e) below, inclusive (collectively, the "Park Parcel Early Termination Conditions Precedent"), which are solely for the benefit of Tenant.

(a) District (and no successor or assign) is the "Landlord" and owner of the fee title interest in the Park Parcel.

(b) No later than one hundred eighty (180) days prior to the commencement of the Park Parcel Early Termination Proceedings, Landlord delivers to Tenant written notice of the commencement of said proceedings;

(c) Landlord has diligently and continuously prosecuted to completion the Park Parcel Early Termination Proceedings, which shall consist of the items set forth below in clauses (i)-(iii):

(i) Landlord conducts at least one public workshop outlining the proposed construction and use of the Park Parcel for a public school classroom facility as allowed under this Article, which workshop(s) shall be open to the public and written notice shall be delivered to Tenant and provided by publication (and any other means as may be required by law) to members of the public living within the District's jurisdictional boundary. Workshop(s) conducted pursuant to this Subsection shall be separate from the public hearing held by District's Board of Education to approve the use of the Park Parcel for the construction and operation of a public school classroom facility.

(ii) Landlord, through its Board of Education, approves at a regularly noticed public hearing in accordance with law the use of the Park Parcel for the construction and operation of public school classroom facilities according to the findings and evidence in support thereof.

(iii) Landlord has made written findings and has evidence to support the position that the District has no other real property available (whether District's interest is ownership in fee or leasehold interest) that may be used for classroom facilities, and that the Park Parcel is the only feasible location on which to construct and operate public school classroom facilities for kindergarten through high school students in order to accommodate an increased demand within the District's jurisdiction for additional student classroom facilities.

(d) Within ninety (90) days of the District's Board of Education's approval of the use of the Park Parcel for the construction and operation of public school classroom facilities, Landlord has submitted to City and any other governmental agency with jurisdiction over the Park Parcel applications for all necessary Entitlements required for the commencement of construction of said facilities.

(e) Landlord is not otherwise in default of this Ground Lease or the AH/F/DDA as of the Park Parcel Early Termination Reversion Date.

13.4 Early Reversion of Park Parcel. The date upon which Landlord has satisfied (or Tenant has waived in writing) all Park Parcel Early Termination Conditions Precedent shall be the date upon which Tenant's leasehold interest in the Park Parcel shall revert to Landlord (the "Park Parcel Early Termination Reversion Date"). Upon the Park Parcel Early Termination Reversion Date, Tenant shall peaceably surrender to Landlord the Park Parcel and all Improvements thereon and shall have removed any Tenant FF&E. Any Tenant FF&E remaining on the Park Parcel after the Park Parcel Early Termination Reversion Date shall inure to and become the property of Landlord in accordance with the provisions of this Ground Lease.

13.5 Use of Park Parcel After Reversion. Upon and after the Park Parcel Early Termination Reversion Date until the expiration or early termination of the Ground Lease Term (which shall still be in effect for the Senior Affordable Residential Complex Parcel and Senior Center Parcel), Landlord shall use the Park Parcel for the construction and operation of public school classroom facilities for kindergarten through high school students, and for no other purpose.

13.6 Ground Lease Rent; Adjustment for Noncompliance; Right to Terminate; District Obligations. So long as Landlord complies with the authorized use of the Park Parcel after the Park Parcel Early Termination Reversion Date as provided in this Ground Lease, Ground Lease Rent shall not be adjusted to account for the loss of use of the Park Parcel by Tenant, and Tenant shall pay Ground Lease Rent in the amount(s) and according to the payment provisions set forth in Article 5 of this Ground Lease. In the event that Landlord does not comply with the authorized use of the Park Parcel after the Park Parcel Early Termination Reversion Date as set forth in this Ground Lease, then (i) Tenant shall have the right to terminate this Ground Lease in its entirety, in which case Tenant's obligation to continue to pay Ground Lease Rent shall terminate on the date that Landlord commences any activity (such as the retaining of a consultant for pre-construction or predevelopment activities) that would facilitate an unauthorized use of the Park Parcel; and (ii) if Tenant elects not to terminate this Ground Lease in its entirety, then (A) Adjusted Ground Lease Rent for the next Ground Lease Rent Payment Date (and each Ground Lease Rent Payment Date thereafter) shall be reduced by subtracting an amount that equals the percentage of acreage that comprises the Park Parcel compared to the acreage of all Ground Lease Parcels for such time as the Park Parcel is not used for the Park, and (B) Tenant shall have the right to demand that District return the Park Parcel to use as a Park, with District to incur all costs incurred for returning the Park Parcel for said usage. In explanation of the foregoing, if the acreage of the Park Parcel comprises ten percent (10%) of the total acreage for the Ground Lease Parcels, the Adjusted Ground Lease Rent for the applicable Ground Lease Rent Payment Date shall be reduced by ten percent (10%) for each year Landlord fails to comply with the uses authorized for the Park Parcel after the Park Parcel Early Termination Reversion Date.

13.7 Survival Clause. The provisions set forth in this Article 13 shall survive the reversion of the Park Parcel to Landlord on and after the Park Parcel Early Termination Reversion Date until the expiration or early termination of the Ground Lease Term for the Senior Affordable Residential Complex Parcel and Senior Center Parcel.

ARTICLE 14. DAMAGE OR DESTRUCTION OF PROPERTY OR IMPROVEMENTS.

14.1 Damage or Destruction Prior to Expiration of Temporary Sublease Term. If any existing Improvements on the Ground Lease Parcels are damaged or destroyed during the Temporary Sublease Term and Tenant is not otherwise in default of this Ground Lease or the AH/F/DDA, Landlord shall, at its sole cost and expense, restore such Improvements to substantially the same condition immediately prior to the damage or destruction if the cost of restoration will be covered in total by Landlord's insurance (or self-insurance program) and the estimated date of completion for the relocation of Landlord to the 166th/Moore Streets Properties will be more than ninety (90) days from the date of such damage or destruction. The estimated date of completion for relocation shall consider any damage that may have been sustained by the

Improvements on the 166th/Moore Streets Properties. In all other circumstances causing any damage or destruction to the existing Improvements on the Ground Lease Parcels during the Temporary Sublease Term, Landlord may in its reasonable discretion refrain from restoring the Improvements, but Landlord shall at its sole cost and expense have the obligation to find temporary replacement facilities for its administrative offices until the Relocation Completion Date. Tenant shall have no obligation to provide for or pay any costs associated with the restoration of the damaged or destroyed existing Improvements on the Ground Lease Parcels during the Temporary Sublease Term, nor shall Tenant have any obligation to provide or pay for a temporary replacement facility for District's administrative facilities during the Temporary Sublease Term.

In addition to the provisions in the above paragraph, in the event that there is damage or destruction to the "Leased Premises" for the 166th Street Property and/or Moore Street Property prior to District having a right to use and possession thereof (as set forth in Section 14.1 of the 166th/Moore Streets Properties Lease and Option Agreements), Tenant in this Ground Lease shall have a right to terminate this Ground Lease pursuant to the procedures set forth in said Section 14.1 of the 166th/Moore Streets Properties Lease and Option Agreements.

14.2 Damage or Destruction After to Expiration of Temporary Sublease Term. Provided Landlord is not in default of this Ground Lease or the AH/F/DDA, if the Senior Affordable Residential Complex, Senior Center, or Park, or any portion of those Improvements on the Ground Lease Parcels, is damaged or destroyed after the expiration of the Temporary Sublease Term but before the date that is two (2) years prior to the expiration of the Ground Lease Term, and (a) the cost of restoration is Five Hundred Thousand Dollars ($500,000.00) or less, or (b) the cost of restoration is more than Five Hundred Thousand Dollars ($500,000.00) and the amount of insurance maintained by Tenant (together with the amount of any deductible or self-insured retention) is adequate to pay the full cost of restoration, then Tenant shall at its sole cost and expense restore the damaged or destroyed Improvements on the Ground Lease Parcels to substantially the same condition (subject to then applicable federal, state, and local laws and regulations) immediately prior to such damage or destruction. If the cost of such restoration is more than Five Hundred Thousand Dollars ($500,000.00) and such damage or destruction is not covered by the insurance maintained by Tenant (which determination of coverage shall included the cost of any deductible or self-insured retention amount), then Tenant may, within ninety (90) days following the date of such damage or destruction, elect to: (i) at its sole cost and expense, restore such Improvements to substantially the same condition they were in immediately prior to such damage or destruction (subject to then applicable federal, state, or local laws and regulations); or (ii) terminate this Ground Lease for the Ground Lease Parcel(s) on which the damage or destruction occurred. In the event that Tenant elects to terminate as provided in clause (ii) above, Tenant shall demolish and remove all damaged or destroyed Improvements and Tenant FF&E from the Ground Lease Parcel(s) that has suffered the damage or destruction. Tenant's obligations to restore the Ground Lease Parcel(s) as provided in this Section shall survive any termination of this Ground Lease.

14.3 Abatement of Rent. In the event that any Improvements on any Ground Lease Parcels (or portion thereof) are rendered unusable for a period of three (3) months or more from the date of the damage or destruction, and this Ground Lease has not been terminated, Tenant shall have the right to an abatement of Ground Lease Rent for the duration of the period for

which said Improvements on the Ground Lease Parcels (or portion thereof) are unusable. In such an event, Ground Lease Rent shall be reduced by the percentage of the total usable square footage of all Improvements on the Ground Lease Parcels rendered unusable.

14.4 Early Termination of Ground Lease for Park Parcel. Notwithstanding anything in this Ground Lease to the contrary, in the event that the Ground Lease for the Park Parcel terminates early and the interest therein reverts to Landlord pursuant to Article 13 of this Ground Lease, Tenant shall have no obligations to restore any Improvements on the Park Parcel that may have suffered damage or destruction from and after the date upon which the Park Parcel reverts to Landlord.

ARTICLE 15. EMINENT DOMAIN.

15.1 Rights Governed by this Ground Lease. In the event of any "Taking" (as herein defined) of any Ground Lease Parcel, the rights of Landlord and Tenant shall be governed by this Article 15.

15.2 Notice. Landlord and Tenant shall promptly give written notice to the other upon learning that any person or entity has commenced condemnation proceedings with respect to any Ground Lease Parcel or portion thereof or interest therein, or has threatened to commence such proceedings.

15.3 Partial Taking. In the event of a Partial Taking of a Ground Lease Parcel, this Ground Lease shall remain in force and effect as to the portion said Ground Lease Parcel not taken, except that the Ground Lease Rent otherwise payable hereunder shall be reduced in an amount to be agreed upon between Landlord and Tenant or, in the absence of such agreement, by judicial determination by a court authorized to resolve disputes as provided in this Ground Lease. In the event of a Partial Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Ground Lease Parcel taken; (ii) Second, to Tenant in an amount necessary to restore, repair and reconfigure any Improvements on the Ground Lease Parcel affected by the Partial Taking, and/or to compensate Tenant for any costs attributable to the relocation and/or acquisition of replacement property for the Senior Affordable Residential Complex, Senior Center, or Park, and/or to compensate Tenant for the loss of revenue anticipated to be produced for the balance of the Ground Lease Term as a result of the Partial Taking; and (iii) Third, to Landlord in an amount to compensate Landlord for the loss of future Ground Lease Rent from Tenant as a result of the Partial Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid Adjusted Ground Lease Rent, multiplied by a percentage that equals the percentage of acreage of the Partial Taking area compared to the acreage of all Ground Lease Parcels, multiplied by the number of years remaining (and prorated portion thereof) for the Ground Lease Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Tenant.

15.4 Total Taking. In the event of a Total Taking of a Ground Lease Parcel, this Ground Lease shall terminate with respect to the taken Ground Lease Parcel as of the date of the Taking; provided, however, that such termination shall not preclude Tenant from making all claims against the condemning authority as though the Ground Lease for the taken Ground Lease

Parcel had not been terminated. In the event of a Total Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Ground Lease Parcel taken; (ii) Second, to Tenant in an amount necessary to compensate Tenant for any costs attributable to the relocation and/or acquisition of replacement property for the Senior Affordable Residential Complex, Senior Center, or Park, and/or to compensate Tenant for the loss of revenue anticipated to be produced for the balance of the Ground Lease Term as a result of the Taking; and (iii) Third, to Landlord in an amount to compensate Landlord for the loss of future Ground Lease Rent from Tenant as a result of the Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid Adjusted Ground Lease Rent, multiplied by a percentage that equals the percentage of acreage of the Total Taken Ground Lease Parcel compared to the acreage of all Ground Lease Parcels, multiplied by the number of years remaining (and prorated portion thereof) for the Ground Lease Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Tenant.

15.5 Early Termination of Ground Lease for Park Parcel. Notwithstanding anything in this Ground Lease to the contrary, in the event that the Ground Lease for the Park Parcel terminates early and the interest therein reverts to Landlord pursuant to Article 13 of this Ground Lease, and there is a Total Taking or Partial Taking of the Park Parcel after the Park Parcel Early Termination Reversion Date, Tenant shall not have a right to any payment from the Condemnation Award allocated to the Taking of the Park Parcel, unless Landlord fails to use the Park Parcel for its authorized use as provided in Article 13 of this Ground Lease. In the event Landlord fails to use the Park Parcel for its authorized use, Tenant shall have right to payment from the Condemnation Award according to the payment provisions set forth in this Article for payment for a Partial Taking or Total Taking, whichever Taking occurred on the Park Parcel. The provisions set forth in this Section shall survive the reversion of the Park Parcel to Landlord on and after the Park Parcel Early Termination Reversion Date until the expiration or early termination of the Ground Lease Term.

ARTICLE 16. ENVIRONMENTAL.

16.1 No Use of Hazardous Materials on the Property. During the Temporary Sublease Term (and from and after the Park Parcel Early Termination Reversion Date if applicable), Landlord covenants and agrees that it shall not permit any subtenant to, treat, use, store, dispose, release, handle or otherwise manage Hazardous Materials on the Ground Lease Parcels except in connection with the demolition, transportation, removal, construction, operation, maintenance or repair of the Improvements or in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws, including all Environmental Laws. After the expiration of the Temporary Sublease Term until the termination of the Ground Lease Term, Tenant covenants and agrees (except for the Park Parcel after the Park Parcel Early Termination Reversion Date if the Ground Lease for the Park Parcel terminates early according to Article 13) that it shall not permit any subtenant to, treat, use, store, dispose, release, handle or otherwise manage Hazardous Materials on the Ground Lease Parcels except in connection with the demolition, transportation, removal, construction, operation, maintenance or repair of the Improvements or in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws, including all Environmental Laws. Either Landlord's or Tenant's violation of the

foregoing prohibition shall constitute a default hereunder. Except for Hazardous Materials first brought onto the Property by Tenant after the commencement of the Ground Lease Term, in violation of Environmental Laws, neither the presence of Hazardous Materials on or under the Ground Lease Parcels as of the commencement of the Ground Lease Term nor the presence of Hazardous Materials on or under the Ground Lease Parcels after the commencement of the Ground Lease Term shall constitute a breach by Tenant of any representation, warranty and covenant contained herein or in the AH/F/DDA, and to the extent the presence of such Hazardous Materials requires remediation, the costs of such remediation shall be borne by Landlord, rather than Tenant.

16.2 Notice and Remediation by Tenant. Tenant shall promptly give the Landlord, and Landlord shall give the Tenant, written notice of any notices, demands, claims or orders received by Tenant from any governmental agency pertaining to Hazardous Materials which may affect any of the Ground Lease Parcels.

16.3 Indemnity by Landlord. In addition to any other indemnity provided in this Ground Lease or the AH/F/DDA, Landlord hereby agrees to and shall indemnify, hold harmless, and defend (with counsel of Tenant's choosing) Tenant and its officers, officials, employees, and agents from and against all liability, loss, damage, costs, penalties, fines, or expenses (including attorney's fees and court costs) arising out of or in any way connected with (i) Landlord's breach or violation of any covenant, prohibition, or warranty concerning Hazardous Materials; or (ii) from the Ground Lease Effective Date until the expiration of the Temporary Sublease term (and, in the event of the early termination of the Ground Lease for the Park Parcel as provided in Article 13, from and after the Park Parcel Early Termination Reversion Date), the release, storage, or transfer, or threatened release, storage, or transfer, of any Hazardous Materials in, on, under, from, or about the Ground Lease Parcels, whether such condition, liability, loss, damage, cost, penalty, fine or expense shall accrue or be discovered before or after the termination of this Ground Lease. The indemnification provided in this Section shall survive the termination of this Ground Lease.

16.4 Indemnity by Tenant. In addition to any other indemnity provided in this Ground Lease or the AH/F/DDA, Tenant hereby agrees to and shall indemnify, hold harmless, and defend (with counsel of Landlord's choosing) Landlord and its officers, officials, employees, and agents from and against all liability, loss, damage, costs, penalties, fines, or expenses (including attorney's fees and court costs) arising out of or in any way connected with (i) Tenant's breach or violation of any covenant, prohibition, or warranty concerning Hazardous Materials on the Ground Lease Parcels, or (ii) from the expiration of the Temporary Sublease term until the termination of the Ground Lease, the release, storage, or transfer, or threatened release, storage, or transfer, of any Hazardous Materials in, on, under, from, or about the Ground Lease Parcels, whether such condition, liability, loss, damage, cost, penalty, fine or expense shall accrue or be discovered before or after the termination of this Ground Lease. Notwithstanding the foregoing in this Section, Tenant shall have no obligation to indemnify, hold harmless, or defend Landlord for the release, storage, or transfer, or threatened release, storage, or transfer, of any Hazardous Materials in, on, under, from, or about the Park Parcel accrued or discovered after the Park Parcel Early Termination Reversion Date (if applicable pursuant to the early termination of the Ground Lease for the Park Parcel as provided in Article 13). The indemnification provided in this Section shall survive the termination of this Ground Lease.

ARTICLE 17. ASSIGNMENT AND SUBLETTING.

17.1 Transfer and Assignment by District. Landlord shall not: (i) transfer or assign all or any part of this Ground Lease without the prior written consent of Tenant; and (ii) make a total or partial transfer or assignment of all or any portion of Landlord's right, title, and interest in the Ground Lease Parcels without the prior written consent of Tenant.

17.2 Transfer and Assignment by Tenant. Tenant shall not: (i) transfer or assign all or any part of this Ground Lease without the prior written consent of Landlord; and (ii) make a total or partial transfer or assignment of all or any portion of Tenant's right, title, and interest in the Ground Lease Parcels without the prior written consent of Landlord.

17.3 Permitted Transfers and Assignments. Notwithstanding the restrictions on transfers and assignments set forth above in Sections 17.1 and 17.2, the following shall not require the prior written consent of the Party benefited by such requirement for the transfer or assignment to be valid (the "Ground Lease Permitted Transfers"):

(a) Transfers or assignments made by District, City, Agency, or Corporation that are expressly required, authorized, or permitted pursuant to this Agreement (which by definition includes the Exhibits and other documents attached hereto).

(b) Transfers or assignments from Agency to City to effectuate the purposes of this Agreement, including but not limited to any interest of Agency to City for a loan or financing available and authorized pursuant to law.

(c) Transfers or assignments from Agency to City upon the cessation of receipt by Agency of tax increment revenue received pursuant to the CRL.

(d) The sublease, license for temporary occupancy, or other transfer or assignment of a possessory interest in the Ground Lease Parcels, Senior Affordable Residential Complex, Senior Center, and Park (or any portion thereof) by Corporation to any third party so long as such transfer or assignment complies with the terms and conditions of the AH/F/DDA (which by definition includes the Exhibits and other documents attached, including the Ground Lease and Regulatory Agreement).

(e) The lease or sublease by Corporation of any of the Restricted Units in the Senior Affordable Residential Complex.

(f) Transfers of stock in a publicly traded corporation or ownership interests in any real estate investment trust.

(g) Transfers in trust for the benefit of family members.

(h) Transfers occurring due to the death or mental or physical incapacity of the transferor.

(i) Transfers or dedications of any portion of the Norwalk Boulevard Property or 166th/Moore Streets Properties to City or other appropriate governmental agency, or the granting of easements or permits to facilitate the development of any portion of the Project on the Ground Lease Parcels and Public Improvements on the 166th/Moore Streets Properties.

(j) Transfers or assignments for financing purposes made by Agency or Corporation for the construction and development of the Cuesta Villas Project, but for Corporation, only if Agency has approved Corporation's ability to obtain financing for the development of the Cuesta Villas Project pursuant to Article 6 of this Agreement.

(k) Transfers or assignments by Corporation for the financing of the maintenance and operation of the Cuesta Villas Project.

(l) Transfers or assignments by District after the 166th/Moore Streets Properties Escrow Closing Date if District exercises the Options to purchase pursuant to the 166th/Moore Streets Properties Lease and Option Agreements.

(m) Transfers or assignments that may from time to time be designated as Permitted Transfers by the Parties pursuant to an implementation or other similar agreement, or amendment to this Agreement..

In the event that there are any inconsistencies between the Ground Lease and AH/F/DDA concerning permitted transfers, the AH/F/DDA shall control. This Ground Lease shall be construed liberally to allow Ground Lease Permitted Transfers when in furtherance of the intent behind the AH/F/DDA and Ground Lease. As used in this Ground Lease, "transfer or assign" shall mean, without limitation, any transfer or assignment in real property or property interest, including a sale, lease, sublease, conveyance, hypothecation, encumbrance, disposition, alienation, or any agreement for the sale, lease, sublease, conveyance, hypothecation, encumbrance, disposition or alienation.

ARTICLE 18. MORTGAGES.

18.1 Ground Leasehold Mortgages. Provided Tenant complies with any requirements set forth in the AH/F/DDA and Tenant receives the prior written approval of Agency, Tenant shall have the right to mortgage, pledge, deed in trust, assign rents, issues, and profits, and/or collaterally (or absolutely for purposes of security if required by a lender) assign or encumber its interest in the Ground Lease and/or the Ground Lease Parcels for the purpose of securing financing for the constructing the Senior Affordable Residential Complex, Senior Center, and Park, and/or to secure financing for the provision of permanent operation and maintenance thereof.

18.2 Landlord Cooperation. Landlord covenants and agrees to cooperate with Tenant in connection with Tenant's right to obtain and secure a mortgage, pledge, deed of trust, or other encumbrance in Tenant's leasehold interest.

18.3 No Subordination of Landlord's Interest. Landlord's fee interest in the Ground Lease Parcels shall be senior and not subordinated to any financing obtained by Tenant in connection with the Ground Lease Parcels. In no event shall Landlord be required to execute a deed of trust on its fee title interest in the Ground Lease Parcels.

ARTICLE 19. [Reserved]

ARTICLE 20. EVENTS OF DEFAULT; REMEDIES; INDEMNITY.

20.1 Default. Subject to any extensions of time permitted for Events of Force Majeure in accordance with this Ground Lease and AH/F/DDA, the failure or delay by any party to timely perform any of its obligations under this Ground Lease constitutes a default of such party's obligations hereunder (each failure an "Event of Default"); provided, however, such party shall not be deemed to have committed an Event of Default if (i) the nonperforming party cures, corrects, or remedies such Event of Default within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such nonperforming party commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, and thereafter diligently prosecutes such cure, correction, or remedy to completion. The periods set forth in this Section for curing, correcting, or remedying a failure to perform shall apply if no specific cure period is otherwise provided for in this Ground Lease for an obligation to be performed.

20.2 No Cross-Default. Notwithstanding anything in this Ground Lease to the contrary, in no event shall an Event of Default by Tenant with respect to one of the Ground Lease Parcels be deemed to constitute a default hereunder or under any Memorandum of Ground Lease relating to any other Ground Lease Parcel. If an Event of Default is committed by Tenant, Landlord's rights and remedies as specified in this Ground Lease for such Event of Default shall be limited to the Ground Lease Parcel to which such default exists.

20.3 Notice of Failure to Perform Obligations. An injured Party shall give written notice of an Event of Default to the nonperforming Party, specifying the default complained of by the injured Party. Except as required to protect against further damages, the injured Party may not institute proceedings against the nonperforming Party until the time for cure, correction, or remedy of a default has expired. Any failure or delay by a Party in giving a notice of an Event of Default or in asserting any of its rights and remedies as to any Event of Default shall not constitute a waiver of any Event of Default, nor shall it change the time of an Event of Default, nor shall it deprive 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.

20.4 Institution of Legal Actions. Subject to the restrictions on rights and remedies set forth in this Ground Lease, any Party may institute legal action to cure, correct, or remedy any Event of Default, to recover damages for any Event of Default, or to obtain any other remedy not specifically prohibited by this Ground Lease and consistent with the purposes of this Ground Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the United States District Court for the Central District of California.

20.5 Rights and Remedies Are Cumulative. Except as otherwise expressly provided in this Ground Lease, the rights and remedies of the Parties are cumulative, and the exercise by any 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 another Party.

20.6 Inaction Not a Waiver of Default. Any failures or delays by a 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 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.

20.7 Litigation/Arbitration Expenses. If a Party to this Ground Lease is required to initiate or defend any litigation or arbitration proceeding in any way connected with this Ground Lease, the prevailing Party in such proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation or arbitration expenses. If a Party to this Ground Lease is required to initiate or defend any litigation or arbitration proceeding with a third party because of the violation of any term or provision of this Ground Lease by another Party to this Ground Lease, then the Party so required to participate in said proceeding shall be similarly entitled to recover its reasonable litigation or arbitration expenses from said other Party. Litigation and arbitration expenses shall include attorney's fees, including attorney's fees on any appeal, and all other reasonable costs for investigating such proceeding, retaining expert witnesses, taking depositions and conducting discovery, and all other necessary costs incurred with respect to such litigation or arbitration.

20.8 Remedies Available To Landlord. If an Event of Default shall occur and continue as aforesaid, then in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Ground Lease and bring suit against Tenant and recover as an award in such suit the following:

(a) the worth at the time of award of the unpaid rent and all other sums due hereunder which had been earned at the time of termination;

(b) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(c) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to

perform its obligations under this Ground Lease or which in the ordinary course of things could be likely to result therefrom; and

(e) such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

The "worth at the time of the award" of the amounts referred to in subparagraphs (a) and (b) above shall be computed by allowing interest at the maximum non-usurious amount allowable under law as of the date of the award. The "worth at the time of award" of the amount referred to in subparagraph (c) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

In addition to the remedies specified above in this Section, in the event of an Event of Default by Tenant, Landlord shall have the right, without declaring this Ground Lease terminated, to reenter the Ground Lease Parcels and occupy the whole or any part thereof for and on account of Tenant and to collect Ground Lease Rent and any other charges that may thereafter become due and payable pursuant to this Ground Lease, and Landlord shall have the right to the remedy described in California Civil Code Section 1951.4 (lessor may continue Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable conditions).

20.9 Indemnity. In addition to any other indemnity provided for in this Ground Lease:

(a) Landlord shall defend, indemnify, and hold harmless Tenant, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Landlord or its agents, employees, contractors, or representatives in the performance of this Ground Lease, whether such damage shall accrue or be discovered before or after termination of this Ground Lease and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Tenant.

(b) Tenant shall defend, indemnify, and hold harmless Landlord, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Tenant or its agents, employees, contractors, or representatives in the performance of this Ground Lease, whether such damage shall accrue or be discovered before or after termination of this Ground Lease and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Landlord.

(c) Any and all indemnity as provided in this Ground Lease shall survive the expiration or termination of the Ground Lease Term and/or termination of this Ground Lease. Any duty to defend Landlord as authorized by

this Ground Lease shall be with legal counsel of Landlord's choosing. Any duty to defend Tenant as authorized in this Ground Lease shall be with legal counsel of Tenant's choosing.

ARTICLE 21. GENERAL PROVISIONS.

21.1 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Ground Lease to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To Agency:	Cerritos Redevelopment Agency 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Executive Director Fax: (562) 916-1371
With a copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333
To Corporation	Cuesta Villas Housing Corporation 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Secretary Fax: (562) 916-1371

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day

following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

21.2 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to District or Corporation in the event of any default by Agency or City or for any amount which may become due to District or Corporation or on any obligations under the terms of this Ground Lease. No member, official, employee, or contractor of District shall be personally liable to Agency, City, or Corporation in the event of any default by District or for any amount which may become due to Agency, City, or Corporation or on any obligations under the terms of this Ground Lease. No director, officer, employee, or contractor of Corporation shall be personally liable to Agency, City, or District in the event of any default by Corporation or for any amount which may become due to Agency, City, or District or on any obligations under the terms of this Ground Lease.

21.3 Force Majeure; Extension of Times of Performance. In addition to specific provisions of this Ground Lease, and except as expressly set forth this Section, performance by any Party hereunder shall not be deemed to be in default and such Party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of another Party; acts or the failure to act of Agency, City, District, or any other public or governmental agency or entity (except that any act or failure to act of or by Agency or District shall not excuse performance by Agency or District required by this Ground Lease). An extension of time for any cause permitted under this Section shall be limited to the period of the enforced delay, which period 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 Parties within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other Parties. Times of performance under this Ground Lease may be extended by mutual written agreement of all of the Parties. The Executive Director of Agency and Superintendent of District (or their respective designees) shall have the authority on behalf of Agency and District respectively to approve extensions of time.

21.4 Inspection of Books and Records. Agency shall have the right at all reasonable times to inspect the books and records of Corporation and District pertaining to the Ground Lease Parcels and the Cuesta Villas Project as pertinent to the purposes of this Ground Lease.

21.5 Interpretation. The terms of this Ground Lease shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Ground Lease or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Ground Lease. This Ground Lease shall be

interpreted in accordance with the internal laws of the State of California without regard to conflict of law principles.

21.6 Entire Agreement, Waivers and Amendments. This Ground Lease and the AH/F/DDA integrate all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Ground Lease must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Parties.

21.7 Severability. If any term, provision, covenant, or condition of this Ground Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Ground Lease shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Ground Lease. In the event that all or any portion of this Ground Lease is found to be unenforceable, this Ground Lease or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Ground Lease or that portion which is found to be unenforceable.

21.8 Third Party Beneficiaries. Except as set forth in the next sentence, nothing herein is intended to create any third party beneficiaries to this Ground Lease, and no person or entity other than Landlord and Tenant, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Ground Lease. City is an express third party beneficiary of this Ground Lease and shall have the right but not the obligation to enforce the provisions hereof. Upon the assignment of Agency's interest in this Ground Lease to Corporation, then Agency shall be an express third party beneficiary and shall have the right but not the obligation to enforce the provisions hereof.

21.9 Time of the Essence. Time is of the essence in the performance of this Ground Lease.

21.10 Effect and Duration of Covenants. Agency is deemed a beneficiary of the terms and conditions of this Ground Lease and of the restrictions and covenants running with the land 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 the covenants running with the land have been provided. The covenants in favor of Agency shall run with the land without regard to whether Agency has been, remains, or is an owner of any land or interest therein. Agency shall have the right, if any of the covenants set forth in this Ground Lease, which are provided for its benefit are defaulted upon, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings that are consistent with this Ground Lease (and subject to any limitations on Agency's rights and remedies set forth herein) that Agency determines are necessary to enforce the curing of such defaults.

21.11 Execution in Counterparts. This Ground Lease may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have executed this Ground Lease as of the date first above written.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

ATTACHMENT "1" TO GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Descriptions for Norwalk Boulevard Property]

ATTACHMENT "2" TO GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Description for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

ATTACHMENT "3" TO GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Description for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

ATTACHMENT "4" TO GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Description for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "H-1"

MEMORANDUM OF GROUND LEASE FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Ground Lease is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF GROUND LEASE

This MEMORANDUM OF GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between ABC UNIFIED SCHOOL DISTRICT, a California public school district ("Landlord"), and CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Tenant").

RECITALS

A. On or about _____, _____, Landlord, Tenant, City of Cerritos, a California municipal corporation ("City") and a third party nonprofit corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, Landlord and Tenant have entered into that certain "Ground Lease" dated concurrently with this Memorandum for the Property, which contemplates among other items more specifically set forth in the Ground Lease the development and maintenance of the Senior Affordable Residential Complex, Senior Center, and Park as those terms are defined in the AH/F/DDA and Ground Lease. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. The term of the Ground Lease covers the time for demolition of existing improvements, construction and development of improvements for the Senior Affordable

Residential Complex, Senior Center, and Park, and the maintenance and operation of the Senior Affordable Residential Complex for qualified income households pursuant to law.

D. The annual rent payable pursuant to the Ground Lease starts at Three Million Seventy Thousand Dollars ($3,070,000.00) commencing upon the date specified in the Ground Lease and increasing thereafter pursuant to the terms and conditions of the Ground Lease.

E. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Ground Lease, hereby leases the Property to the Tenant upon the terms and conditions provided for therein. This Memorandum of Lease is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Memorandum as of the date first set forth above.

"TENANT"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"LANDLORD"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO MEMORANDUM OF GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "H-2"

MEMORANDUM OF GROUND LEASE FOR SENIOR CENTER PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Ground Lease is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF GROUND LEASE

This MEMORANDUM OF GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between ABC UNIFIED SCHOOL DISTRICT, a California public school district ("Landlord"), and CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Tenant").

RECITALS

A. On or about _____, _____, Landlord, Tenant, City of Cerritos, a California municipal corporation ("City") and a third party nonprofit corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, Landlord and Tenant have entered into that certain "Ground Lease" dated concurrently with this Memorandum for the Property, which contemplates among other items more specifically set forth in the Ground Lease the development and maintenance of the Senior Affordable Residential Complex, Senior Center, and Park as those terms are defined in the AH/F/DDA and Ground Lease. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. The term of the Ground Lease covers the time for demolition of existing improvements, construction and development of improvements for the Senior Affordable

Residential Complex, Senior Center, and Park, and the maintenance and operation of the Senior Affordable Residential Complex for qualified income households pursuant to law.

D. The annual rent payable pursuant to the Ground Lease starts at Three Million Seventy Thousand Dollars ($3,070,000.00) commencing upon the date specified in the Ground Lease and increasing thereafter pursuant to the terms and conditions of the Ground Lease.

E. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Ground Lease, hereby leases the Property to the Tenant upon the terms and conditions provided for therein. This Memorandum of Lease is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Memorandum as of the date first set forth above.

"TENANT"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"LANDLORD"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO MEMORANDUM OF GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "H-3"

MEMORANDUM OF GROUND LEASE FOR PARK PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Memorandum of Ground Lease is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF GROUND LEASE

This MEMORANDUM OF GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between ABC UNIFIED SCHOOL DISTRICT, a California public school district ("Landlord"), and CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Tenant").

RECITALS

A. On or about _____, _____, Landlord, Tenant, City of Cerritos, a California municipal corporation ("City") and a third party nonprofit corporation entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include that certain real property described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Property"). The Property is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, Landlord and Tenant have entered into that certain "Ground Lease" dated concurrently with this Memorandum for the Property, which contemplates among other items more specifically set forth in the Ground Lease the development and maintenance of the Senior Affordable Residential Complex, Senior Center, and Park as those terms are defined in the AH/F/DDA and Ground Lease. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. The term of the Ground Lease covers the time for demolition of existing improvements, construction and development of improvements for the Senior Affordable

Residential Complex, Senior Center, and Park, and the maintenance and operation of the Senior Affordable Residential Complex for qualified income households pursuant to law.

D. The annual rent payable pursuant to the Ground Lease starts at Three Million Seventy Thousand Dollars ($3,070,000.00) commencing upon the date specified in the Ground Lease and increasing thereafter pursuant to the terms and conditions of the Ground Lease.

E. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Landlord, pursuant to the Ground Lease, hereby leases the Property to the Tenant upon the terms and conditions provided for therein. This Memorandum of Lease is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Memorandum as of the date first set forth above.

"TENANT"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"LANDLORD"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO MEMORANDUM OF GROUND LEASE

LEGAL DESCRIPTION OF THE PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "I"

REGULATORY AGREEMENT FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REGULATORY AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

This REGULATORY AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is entered into as of this ___ day of _____, _____, by and between the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic "Agency"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Declarant"). Agency and Declarant may sometimes hereinafter be referred to collectively as the "parties" or "Parties" and individually as a "party" or "Party."

R E C I T A L S

A. Declarant is the holder of a ground lease interest in that certain real property located in the City of Cerritos, County of Los Angles, State of California, described in the legal description attached hereto as Attachment "1" ("Senior Affordable Residential Complex Parcel"). Declarant is the owner of all buildings, structures, and appurtenant improvements located on the said parcel (collectively known as "Senior Affordable Residential Complex"). The Senior Affordable Residential Complex Parcel and Senior Affordable Residential Complex thereon are collectively referred to as the "Regulatory Agreement Site." Only Declarant's leasehold interest in the Regulatory Agreement Site shall be subject to this Agreement.

B. On or about _____, _____, Agency, Declarant, City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district, entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels and improvements include the Regulatory Agreement Site. The Regulatory Agreement Site is subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a

public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Agreement by this reference. Capitalized terms used in this Agreement and not otherwise defined herein shall have the same meaning as set forth in the AH/F/DDA.

C. Pursuant to the AH/F/DDA, Agency provided financing for the development of the Cuesta Villas Project, which includes the Regulatory Agreement Site, in the form of the Cuesta Villas Project Loan and Cuesta Villas Project Supplemental Loan Disbursements as defined in the AH/F/DDA. The Cuesta Villas Project Loan is set forth in the Cuesta Villas Project Promissory Note, which is secured by Deeds of Trust, all as provided for in the AH/F/DDA. The source of funds for the Cuesta Villas Project Loan and Cuesta Villas Project Supplemental Loan Disbursements (if applicable) are from tax increment revenue received by Agency pursuant to the CRL, loan(s) from City with City funds available for such purpose and authorized pursuant to a duly approved loan agreement between Agency and City, and any other funds available to Agency for such purpose.

D. It is the intent of Agency and Declarant to provide on the Regulatory Agreement Site a "Senior Citizen Housing Development" as that term is defined in Civil Code Section 51.3 as enacted at the Effective Date of the AH/F/DDA. To achieve this end, Declarant hereby covenants and agrees to comply with the requirements set forth in Civil Code Section 51.3 as enacted at the Effective Date of the AH/F/DDA, and to the extent there are any inconsistencies with the covenants, conditions, and restrictions set forth in this Agreement and the requirements of said Section 51.3, Section 51.3 shall control.

E. Agency and Declarant desire to enter into this Agreement to place certain covenants and restrictions on Declarant's development, use and operation of the Regulatory Agreement Site, including the affordability covenants to run with the land for a period set forth in this Agreement, as more fully provided herein.

A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, Declarant and Agency hereby agree as follows.

1. Definitions. In addition to the terms defined elsewhere in this Agreement or incorporated by reference from the AH/F/DDA, the following terms as used in this Agreement shall have the meanings given below:

"Affordability Term" shall mean the term the affordability covenants shall be binding upon the Regulatory Agreement Site as provided in Section 3 of this Agreement.

"Affordable Housing, Financing, and Disposition and Development Agreement" and "AH/F/DDA" shall mean that certain agreement identified in Recital B of this Agreement, including all attachments, exhibits, and other documents attached thereto, as may be amended from time to time.

"Affordable Rent" shall mean annual rent that does not exceed the maximum percentage of income that can be devoted to rent under Health and Safety Code Section 50053, as of the Effective Date of the AH/F/DDA, which are:

(a) For the Very Low Income Restricted Units, the Affordable Rent shall be the amount equal to annual rent that does not exceed the maximum percentage of income that can be devoted to rent for "very low income households," which is the product of thirty percent (30%) times sixty percent (50%) of the Median Income adjusted for family size appropriate to the Restricted Unit, less a utility allowance for tenant paid utilities; and

(b) For the Low Income Restricted Units, the Affordable Rent shall be the greater amount of annual rent that does not exceed the maximum percentage of income that can be devoted to rent for "lower income households," which is an amount that is either: (i) the product of thirty percent (30%) times sixty percent (60%) of the Median Income adjusted for family size appropriate to the Restricted Unit, less a utility allowance for tenant paid utilities; or (ii) for those lower income households with gross incomes that exceed sixty percent (60%) of the Median Income adjusted for family size, an amount that does not exceed thirty percent (30%) of the gross income of the household, less a utility allowance for tenant paid utilities; and

(c) For the Moderate Income Restricted Units, the Affordable Rent shall be the greater amount of annual rent that does not exceed the maximum percentage of income that can be devoted to rent for "moderate income households," which is an amount that is either: (i) the product of thirty percent (30%) times one hundred ten percent (110%) of the Median Income adjusted for family size appropriate to the Restricted Unit, less a utility allowance for tenant paid utilities; or (ii) for those moderate income households with gross incomes that exceed one hundred ten percent (110%) of the Median Income adjusted for family size, an amount that does not exceed thirty percent (30%) of the gross income of the household, less a utility allowance for tenant paid utilities.

For purposes of calculating the Affordable Rent, as used in clauses (a)-(c) above, "adjusted for family size appropriate to the Restricted Unit" shall mean a household of 1.5 persons in the case of a one-bedroom Restricted Unit, a household of 3 persons in the case of a two-bedroom Restricted Unit, and a household of 4.5 persons in the case of a three-bedroom Restricted Unit.

"Agreement" as used herein shall mean this Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions by and between Agency and Declarant.

"Certificate of Occupancy Seventy Percent Date" shall mean the date on which seventy percent (70%) of the Restricted Units in the Senior Affordable Residential Complex have been leased up to Regulatory Agreement Qualified Residents and a Certificate of Occupancy from City has been received for the Senior Affordable Residential Complex.

"Declarant" shall mean Cuesta Villas Housing Corporation, a California nonprofit corporation, and its permitted successors and assigns in and to its leasehold interest in the Regulatory Agreement Site.

"Income Computation and Certification Form" shall mean the form attached to this Agreement as Attachment "2" (or such other form as Agency or Corporation may provide or authorize from time to time) to verify whether the proposed occupants and occupants of the Restricted Units meet the criteria of a Regulatory Agreement Qualified Resident.

"Income Eligible Tenants" shall mean persons and families who, as of the commencement date of occupancy of a Restricted Unit, are either "persons or families of low or moderate income" or "very low income households" whose income does not exceed the income limits as defined in Health and Safety Code Sections 50093 and 50105 as of the Effective Date of the AH/F/DDA, which means that "persons or families of low or moderate income" are defined by an income that does not exceed one hundred twenty percent (120%) of Median Income adjusted for family size, and "very low income households" are defined by an income that does not exceed fifty percent (50%) of Median Income adjusted for family size.

"Low Income Restricted Units" shall mean those Restricted Units designated to be occupied at Affordable Rent by Regulatory Agreement Qualified Residents whose income does not exceed the income limit for "lower income households" as defined as of the Effective Date of the AH/F/DDA in Health and Safety Code Section 50079.5, which means a household that earns no more than eighty percent (80%) of Median Income.

"Median Income" shall mean the Los Angeles County area median income, adjusted for family size, as established by the State of California Department of Housing and Community Development annually and published in Section 6932 of Title 25 of the California Code of Regulations or successor regulation.

"Moderate Income Restricted Units" shall mean those Restricted Units designated to be occupied at Affordable Rent by Regulatory Agreement Qualified Residents whose income does not exceed the income limit for "persons and families of low or moderate income" as defined as of the Effective Date of the AH/F/DDA in Health and Safety Code Section 50093 but is greater than the income limit for "lower income households" as defined in Health and Safety Code Section 50079.5 which means a household that earns more than eighty percent (80%) but no more than one hundred twenty percent (120%) of Median Income.

"Permitted Health Care Resident" shall mean a person hired to provide live-in, long-term, or terminal health care to a Senior Citizen, or a family member of the Senior Citizen providing that care. The care provided must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both.

"Qualified Permanent Resident" shall mean a person who meets the following criteria in either clause (a) or (b) below:

(a) A person who both: (i) is residing with a Senior Citizen prior to death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen; and (ii) was forty-five (45) years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen. "Cohabitant" shall mean a person who meet the definition of "cohabitant" set forth in Civil Code Section 51.3 as of the Effective Date of the AH/F/DDA.

(b) A disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen or Qualified Permanent Resident as defined in clause (a) above who needs to live with the Senior Citizen or Qualified Permanent Resident because of the disabling condition, illness, or injury. For purposes of this clause (b), "disabled" means a person who has a disability as defined in subdivision (b) of Civil Code Section 54 as enacted on the Effective Date of the AH/F/DDA, and "disabling injury or illness" means an illness or injury which results in a condition meeting the definition of disability as defined in subdivision (b) of Civil Code Section 54 as enacted on the Effective Date of the AH/F/DDA.

"Rental Agreement" shall mean the agreement between Declarant and each Regulatory Agreement Qualified Resident for rental of a Restricted Unit as provided in this Agreement.

"Restricted Units" shall mean all of the two hundred forty-seven (247) residential units at the Regulatory Agreement Site.

"Regulatory Agreement Qualified Residents" shall mean persons who are Senior Citizens or Qualified Permanent Residents or Permitted Health Care Residents, and who are Income Eligible Tenants.

"Regulatory Agreement Site" shall have the meaning prescribed in Recital A of this Agreement.

"Regulatory Agreement Site Manager" shall mean the property manager as authorized in this Agreement.

"Senior Citizen" shall mean a person who is fifty-five (55) years or older at the date of occupancy of a Restricted Unit.

"Unit Matrix" shall mean the unit mix for the Restricted Units comprised of the following:

Restricted Unit Type	Number of Units	Beds/Bathrooms
Very Low Income	20	1 bedroom
Very Low Income	5	2 bedrooms
Low Income	10	1 bedroom
Low Income	5	2 bedroom
Moderate Income	155	1 bedroom
Moderate Income	52	2 bedroom
TOTAL:	247	

"Very Low Income Restricted Units" shall mean those Restricted Units designated to be occupied at Affordable Rent by Regulatory Agreement Qualified Residents whose income does not exceed the income limit for "very lower income households" as defined as of the Effective Date of the AH/F/DDA in Health and Safety Code Section 50105.5, which means a household that earns no more than fifty percent (50%) of Median Income.

2. Development of the Senior Affordable Residential Complex. Declarant shall commence and complete construction of the Regulatory Agreement Site within the times and subject to the terms and conditions set forth in the AH/F/DDA.

3. Affordability Term. This Agreement shall be recorded on the date specified in the AH/F/DDA. The term of this Agreement shall commence upon the recording of this Agreement with the Recorder's Office and shall terminate on the date that is fifty-five (55) years from the Certificate of Occupancy Seventy Percent Date (the "Affordability Term").

4. Use. During the Affordability Term, Declarant hereby covenants and agrees that the Regulatory Agreement Site shall be managed and operated in accordance with the provisions set forth below:

4.1 General. Declarant shall use the Regulatory Agreement Site as a residential rental complex according to the Unit Matrix. The Restricted Units shall be rented to and occupied by only Regulatory Agreement Qualified Residents at Affordable Rent. Declarant shall at all times use its best efforts to keep each Restricted Unit occupied in accordance with the provisions of this Agreement. Declarant shall not permit any of the Restricted Units to be utilized on a transient basis, or as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, trailer court or park, day care facility, or other non-residential use.

4.2. Principal Residence. Each Restricted Unit shall be used as the principal residence for a household that has at least one Senior Citizen who is an Income Eligible Tenant, and any additional occupants of said Restricted Unit shall be Regulatory Agreement Qualified Residents who use said Restricted Unit as their principal residence. No occupant of a Restricted Unit shall be authorized to lease or sublease a Restricted Unit or its right of occupancy. Declarant shall institute a program to ensure that the Restricted Units remain occupied by Regulatory Agreement Qualified Residents.

4.3 Occupancy Limits. The number of persons permitted to occupy each Restricted Unit shall not exceed the occupancy permitted pursuant to the general requirements of the United States Department of Housing and Urban Development, which as of the Effective Date of the AH/F/DDA is two persons per bedroom, plus one person (e.g., for a two bedroom unit the maximum number of persons residing in the unit can be five persons). The lease for each Restricted Unit shall include a provision limiting the number of persons permitted to occupy each Restricted Unit in accordance with the preceding sentence and Declarant shall enforce such occupancy restrictions.

4.4 Determination of Eligible Status. Immediately prior to a Regulatory Agreement Qualified Resident's occupancy of a Restricted Unit, Declarant shall obtain an Income Computation and Certification Form from each such Regulatory Agreement Qualified

Resident dated immediately prior to the date of initial occupancy of the Restricted Unit. In addition, Declarant shall provide such further information as may be reasonably required by Agency for purposes of verifying a tenant's age and status as a Regulatory Agreement Qualified Resident. Declarant shall use good faith efforts to verify that the age information and income provided by an applicant is accurate by taking the following steps as a part of the verification process: (a) obtain three (3) pay stubs for the most recent pay periods; (b) obtain a written verification of income and employment from the applicant's current employer; (c) obtain an income verification form from the Social Security Administration, California Department of Social Services, California Employment Development Department, and/or any other federal or state governmental entity if the applicant receives assistance from any of said agencies; (d) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other evidence and/or verification of such applicant's total income received during the calendar year from any source, taxable or nontaxable, or such other information as is satisfactory to the Agency; and (e) obtain any other records of income verification (such as recent bank account statements) as Corporation or Agency may require for income determination. Declarant shall maintain each Income Computation and Certification Form obtained pursuant to this Section and Section 4.5 for a minimum period of five (5) years.

4.5 Recertification. Within sixty (60) days prior to the first anniversary date of the occupancy of a Restricted Unit by a Regulatory Agreement Qualified Resident, and on each anniversary date thereafter, Declarant shall recertify the income of the Regulatory Agreement Qualified Resident by obtaining a completed Income Computation and Certification Form based upon the current income of each occupant of the Restricted Unit. In the event that recertification demonstrates that such household's income exceeds the income at which such household originally qualified, such household will no longer qualify as a Regulatory Agreement Qualified Resident at that original level. If the occupant's income falls within one of the other income categories of Income Eligible Tenants, the rent shall be increased to the Affordable Rent applicable to the new income category. To the extent permitted by applicable law, if the income of a household exceeds the income permitted for Income Eligible Tenant status, the occupant's lease shall not be renewed and said occupants shall be required to vacate the Restricted Unit within one hundred eighty (180) days after recertification.

4.6 Leasing Restricted Units. The Restricted Units shall be available for rental on a continuous basis and Declarant shall not give preference to any particular class or group in renting Restricted Units, except to the extent that the Restricted Units are required to be rented to Regulatory Agreement Qualified Residents and except as provided in the next sentence. Declarant shall give priority in renting Restricted Units to Eligible Tenants who constitute displaced persons entitled to a preference pursuant to California Health and Safety Code Section 33411.3 or successor statute. Declarant shall maintain a list of persons who have applied for a Restricted Unit and, subject to the priority to be given to displaced persons as set forth above, should multiple tenants be equally eligible (as to income, credit history, and other nondiscriminatory criteria) and qualified to rent a Restricted Unit, Declarant shall rent available Restricted Units to Regulatory Agreement Qualified Residents on a first qualified (with reasonable efforts made to qualify applicants in the order that the applications are received), first offered basis, or pursuant to a lottery system. Declarant shall use commercially reasonable efforts to lease Restricted Units upon completion of construction of the Senior Affordable Residential Complex and that become available thereafter. In connection therewith, Declarant may develop at its own cost and expense a marketing plan for the leasing of the Restricted Units

("Marketing Plan"), which may provide for marketing of Restricted Units to specified individuals or groups to the extent allowed in accordance with federal, state, and local laws and regulations. Additionally, and notwithstanding anything in this Section to the contrary, Declarant shall, for the initial lease-up only of the Restricted Units and for six (6) months after the commencement of initial lease-up activities, allocate the Restricted Units as follows: (i) up to twenty-five percent (25%) shall be allocated to residents of the City of Cerritos who are not current or former employees of the City, Agency, or District and are Regulatory Agreement Qualified Residents; (ii) up to twenty-five percent (25%) shall be allocated to current or former employees of City, Agency, or District who are Regulatory Agreement Qualified Residents; (iii) up to twenty-five percent (25%) shall be allocated to residents of District who are Regulatory Agreement Qualified Residents; and (iv) up to twenty-five percent (25%) shall be allocated to members of the public who do not live in the City of Cerritos, who are not employees of the District, and who are Regulatory Agreement Qualified Residents and who do not meet the requirements in clauses (i)-(iii) of this Section 4.6.

4.7 Rental Agreement. The form of the rental agreement between Declarant and each of the Regulatory Agreement Qualified Residents (the "Rental Agreement") shall be approved by Agency prior to the rental or leasing of any of the Restricted Units. Once approved, no changes shall be made to the form of the Rental Agreement without Agency's prior written approval. The Rental Agreement shall obligate the Regulatory Agreement Qualified Residents to comply with the provisions set forth in this Agreement and a Regulatory Agreement Qualified Resident who violates such requirements shall be in default under the rental agreement. Without limiting the foregoing, each Rental Agreement with a Regulatory Agreement Qualified Resident shall include a provision to the effect that the Declarant has relied on the information provided by the Regulatory Agreement Qualified Resident on the Income Computation and Certification Form and all other supporting information supplied by the Regulatory Agreement Qualified Resident in determining qualification for occupancy of the applicable Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such Rental Agreement. In addition, each rental agreement shall contain a provision that failure to cooperate with the annual recertification process may disqualify the Regulatory Agreement Qualified Resident as such and will be will be cause for immediate termination of such Rental Agreement.

4.8 Cessation of Qualified Permanent Resident Tenancy. For any person who is a Qualified Permanent Resident whose disabling condition ends, Declarant (through its board of directors or delegated governing body) may require the formerly disabled resident to cease residing at the Regulatory Agreement Site. Declarant shall provide the formerly disabled resident no less than six (6) months written notice of said termination of residence, and Declarant may in its sole and absolute discretion extend the tenancy of the formerly disable resident up to one year after the disabling condition ends.

Declarant (through its board of directors or delegated governing body) may take action to prohibit or terminate the occupancy by a person who is a Qualified Permanent Resident if Declarant's board of directors or delegated governing body finds, based on credible and objective evidence, that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation. The action to prohibit or terminate the occupancy of said person likely to pose a significant threat shall be taken only after doing both of the following: (i) Providing reasonable notice to and an

opportunity to be heard for the disable person whose occupancy is being challenged, and reasonable notice to the co-resident parent or grandparent of that person; and (ii) Giving due consideration to the relevant, credible, and objective information provided in the hearing. The evidence shall be taken and held in a confidential manner, pursuant to a closed session, by the Declarant's board of directors or delegated governing body in order to preserve the privacy of the affected persons.

4.9 Cessation of Permitted Health Care Resident Tenancy. A Permitted Health Care Resident may continue his or her occupancy, residency, or use of a Restricted Unit as a permitted resident in the absence of the Senior Citizen from the Restricted Unit only if both of the following are applicable: (i) The Senior Citizen became absent from the Restricted Unit due to hospitalization or other necessary medical treatment and expects to return to his or her Restricted Unit within ninety (90) days from the date the absence began; and (ii) The absent Senior Citizen or an authorized person acting for the Senior Citizen submits a written request to the Declarant's board of directors or delegated governing body, stating that the Senior Citizen desires that the Permitted Health Care Resident be allowed to remain in order to be present when the Senior Citizen returns to reside at the Regulatory Agreement Site.

Upon written request by the Senior Citizen or an authorized person acting for the Senior Citizen, Declarant' board of directors or delegated governing body shall have the discretion to allow a Permitted Health Care Resident to remain for a time period longer than ninety (90) days from the date that the Senior Citizen's absence began if it appears that the Senior Citizen will return within a period of time not to exceed an additional ninety (90) days.

4.10 Temporary Residency. A Senior Citizen or Qualified Permanent Resident may permit a guest to temporarily reside in the Senior Citizen's or Qualified Permanent Resident's Restricted Unit. The guest may be a person of less than fifty-five (55) years of age. The guest may reside in the Senior Citizen's or Qualified Permanent Resident's Restricted Unit for a period of no less than sixty (60) days and no more than ninety (90) days in any calendar year. A Senior Citizen or Qualified Permanent Resident shall notify Declarant (or the Regulatory Agreement Site Manager if one has been retained) of the date or arrival and expected departure of any temporary guest resident authorized pursuant to this Section. Declarant (or the Regulatory Agreement Site Manager if applicable) may authorize in its sole and absolute discretion the extension of a guest's temporary residency beyond ninety (90) days if the Senior Citizen or Qualified Permanent Resident provides good cause therefore.

4.11 Events Affecting Senior Citizens. Upon the death or dissolution of marriage, or upon hospitalization, or other prolonged absence of the Senior Citizen who is required to use a Restricted Unit as his or her principal residence pursuant to this Agreement, any Qualified Permanent Resident may continue his or her occupancy, residency, or use of the Restricted Unit as a permitted resident. The permitted extension of residency authorized by this Section shall not apply to a Permitted Health Care Resident.

4.12 Compliance with Civil Code Section 51.3. The occupancy, residency, and use restrictions on the basis of age in this Agreement shall not be more exclusive than authorized by Civil Code Section 51.3 as enacted on the Effective Date of the AH/F/DDA. In the event of any conflict between the covenants, conditions, and restrictions in this Agreement and the maximum allowable exclusions set forth in Civil Code Section 51.3 as enacted on the

Effective Date of the AH/F/DDA, the allowable exclusions in Civil Code Section 51.3 shall apply and the remaining occupancy, residency, and use restrictions in this Agreement shall survive and remain in full force and effect for the duration of the Affordability Term.

4.13 Limitation on Noise Level. Declarant shall institute and enforce a reasonable noise-prohibition policy in which every occupant of a Restricted Unit shall be prohibited from causing loud or annoying noises that interfere with the use and enjoyment by other occupants of their Restricted Units, except for loud noises that occur for limited periods of time and/or as may be required for construction or maintenance work within or around an occupant's Restricted Unit. Said noise-prohibition policy shall also require each occupant of a Restricted Unit to observe designated "quiet hours" during which no activity causing loud or annoying noises within the Senior Affordable Residential Complex shall occur. Said noise-prohibition policy may include other similar provisions to promote the peaceful use and enjoyment by occupants of their Restricted Units. Declarant shall disclose to each household authorized to occupy a Restricted Unit the requirements of said policy or amendments thereto.

4.14. Covenant to Keep Property Drug Free. Declarant shall maintain a drug free environment on the Regulatory Agreement Site. Declarant shall institute and enforce in accordance with law a reasonable and effective anti-drug policy that shall apply to all persons residing on the Regulatory Agreement Site, and all such persons residing thereon shall not unlawfully manufacture, distribute, dispense, possess or use controlled substances, as said term is defined in 21 United States Code Section 812 and California Health and Safety Code Section 11007 (or successor statutes), including marijuana, heroin, cocaine, and amphetamines on the Regulatory Agreement Site. If any person residing on the Regulatory Agreement Site is convicted or pleads guilty or nolo contendere to a charge of unlawfully manufacturing, distributing, dispensing, possessing or using controlled substances on the Regulatory Agreement Site, then such event shall be cause for Agency institute proceedings for termination of a lease in accordance with any notice and appeal provisions and other requirements as required by law and the Rental Agreement.

4.15. Parking Requirements. In addition to any parking obligations required by the AH/F/DDA and Exhibits attached thereto (including the Ground Lease), Declarant shall institute and enforce in accordance with law a reasonable and effective parking plan for Regulatory Agreement Qualified Residents and their guests and invitees. Said parking plan shall restrict the number of parking spaces that may be allocated to a Restricted Unit based upon bedroom size an allowable occupancy limits as provided in this Agreement and as may be required by City law. Said parking plan shall restrict permanent overnight parking rights to vehicles owned or used on a regular basis by Regulatory Agreement Qualified Residents and shall reasonably restrict temporary overnight parking rights to temporary residents, guests, and invitees of Regulatory Agreement Qualified Residents. Said parking plan shall provide a procedure through which Declarant may remove any vehicle that is believed to have been abandoned or parked in violation of the parking plan, and any such removal procedure shall include notice and hearing rights (if required by law) prior to removal of a vehicle believed to have been abandoned. Said parking plan may include other similar provisions to promote the peaceful use and enjoyment by occupants of their Restricted Units. Declarant shall disclose to each household authorized to occupy a Restricted Unit the requirements of said policy or amendments thereto.

5. Termination of Rental Agreement. In addition to the provisions in Section 4 (and all subsections) above, the Rental Agreement shall provide the terms, including notice and appeal rights, for the termination of a tenancy in the event that (i) the recertification process reveals the occupant's household income exceeds the maximum eligible income allowable, and/or (ii) if the Declarant decides to take action to prohibit or terminate the occupancy of a Qualified Permanent Resident or Permitted Health Care Resident. The notice of termination shall provide the date of termination of the tenancy upon which the occupant must vacate the Restricted Unit.

6. Maintenance of Regulatory Agreement Site. Declarant shall maintain or cause to be maintained the Regulatory Agreement Site in first class condition and repair consistent with similar projects in the City of Cerritos and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Agency places prime importance on quality maintenance to protect its investment and to ensure that affordable housing projects within the City of Cerritos are not allowed to deteriorate due to substandard maintenance. Declarant shall keep the Regulatory Agreement Site free from all graffiti and any accumulation of debris or waste material. Declarant shall make all repairs and replacements necessary to keep the improvements in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping. In the event that Declarant breaches any of the covenants contained in this Section, and such default continues for a period of five (5) days after written notice from Agency or City (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Agency or City (with respect to building improvements), then Agency or City in addition to whatever other remedy it may have at law or in equity shall have the right to enter upon the Regulatory Agreement Site and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Agency or City shall be permitted (but not required) to enter upon the Regulatory Agreement Site and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Regulatory Agreement Site, and to attach a lien on or assess the Regulatory Agreement Site in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation and/or costs of such cure.

7. Management.

7.1 Regulatory Agreement Site Manager. Declarant shall manage or shall cause the Senior Affordable Residential Complex to be managed in a prudent and business-like manner. Declarant may contract with a management company or manager ("Regulatory Agreement Site Manager") to operate and maintain the Regulatory Agreement Site in accordance with the terms of this Agreement. The selection and hiring of such a Regulatory Agreement Site Manager shall be subject to approval by Agency, which shall not be unreasonably withheld provided that the management company or manager has the requisite experience level and performance record.

7.2 Gross Mismanagement. In the event of "Gross Mismanagement" (as that term is defined below), Agency or City shall have the authority to require that such Gross Mismanagement cease immediately, and further to require the immediate replacement of the Regulatory Agreement Site Manager, whether that Regulatory Agreement Site Manager is

Declarant or a third party. The replacement Regulatory Agreement Site Manager shall be required to operate and maintain the Regulatory Agreement Site in accordance with the terms of this Agreement. In the event of such a replacement, the costs to retain the replacement Regulatory Agreement Site Manager shall be the responsibility of Declarant. Agency or City shall provide written notice to Declarant of the event(s) of Gross Mismanagement occurring, and Declarant shall have five (5) days after delivery of such notice to cure, correct, or remedy the event(s) of Gross Mismanagement identified in the notice and to notify Agency or City (as applicable) of the cure, correction, or remedy. For purposes of this Agreement, the term "Gross Mismanagement" shall mean management of the Project in a manner which violates the terms and/or intention of this Agreement to operate the Restricted Units as an affordable housing project of the highest standard, and shall include, but is not limited to, the following:

i. Knowingly allowing a Restricted Unit to be occupied by a person who does not qualify as a Regulatory Agreement Qualified Resident;

ii. Renting a Restricted Unit for more than Affordable Rent;

iii. Allowing the prescribed occupancy levels to be exceeded without taking immediate action to stop such overcrowding;

iv. Failure to maintain the Regulatory Agreement Site in the manner prescribed in Section 6;

v. Repeated failure to collect and review the Income Computation and Certification Form and supporting documents required by this Agreement for the initial certification of applicants and annual recertification of Regulatory Agreement Qualified Residents;

vi. Fraud or embezzlement of Senior Affordable Residential Complex monies; and

vii. Failure to fully cooperate with the City's Police Department or other City agency or department in maintaining a crime free environment on the Regulatory Agreement Site.

8. Records. Declarant shall maintain complete and accurate records pertaining to the Restricted Units, and shall permit any duly authorized representative of Agency or City to inspect the books and records of Declarant pertaining to the Restricted Units.

9. Third Party Beneficiary. As an express third party beneficiary to this Agreement, City shall have the right but not the obligation to enforce any and all of the covenants, conditions, and restrictions in this Agreement, and this Agreement shall not be amended or rescinded without the prior written consent of City. Except as provided in the preceding sentence, no other party shall be deemed to be a third party beneficiary of this Agreement for the duration of the Affordability Term.

10. Indemnification. Declarant shall defend, indemnify and hold harmless Agency and City and its respective officers, officials, agents, employees, representatives, and volunteers

from and against any loss, damage, costs, expenses, liability, claim, or judgment relating in any manner to the Regulatory Agreement Site or Declarant's performance under this Agreement, except to the extent caused by the active negligence or willful misconduct of either Agency or City.

11. Insurance. Upon completion of the construction of the Senior Affordable Residential Complex and from thereafter until the expiration of the Affordability Term, Declarant shall procure and keep in full force and effect or cause to be procured and kept in full force and effect for the mutual benefit of Declarant and Agency, and shall provide evidence reasonably acceptable to Agency, of insurance policies meeting the minimum requirements set forth below:

(a) Commercial General Liability insurance with respect to the Regulatory Agreement Site and the operations of or on behalf of Declarant, in an amount not less than Two Million Dollars ($2,000,000.00) per occurrence combined single limit including products, completed operations, contractual, bodily injury, personal injury, death and property damage liability, subject to such increases in amount as Agency may reasonably require from time to time; provided, that the percentage increase in coverage shall not be required to exceed the percentage increase in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, for Urban Wage Earners and Clerical Workers, Los Angeles-Long Beach-Anaheim Average, All Items (1984 = 100) (the "Index"), from and after the date of this Agreement, or, if said Index is discontinued, such official index as may then be in existence and which is most nearly equivalent to said Index (the "CPI Adjustment"). Agency and City and its officers, officials, employees, volunteers, agents, and representatives shall be named as additional insureds under such policy or policies.

(b) With respect to the improvements and any fixtures, furnishings, and equipment to be owned or leased by Declarant on the Regulatory Agreement Site, all risk property insurance against fire, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Los Angeles, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquakes to the extent generally and commercially available at commercially reasonable rates, if such insurance is generally obtained for rental apartment projects of this size and type in Los Angeles, California. Agency (or City at Agency's option) shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

A copy of each paid-up policy evidencing such insurance (appropriately authenticated by the insurer) or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required herein, and containing the provisions specified herein, shall be delivered to Agency on or prior to the completion of the construction for the Senior Affordable Residential Complex, and thereafter, upon renewals, not less than thirty (30) days prior to the expiration of coverage. Agency may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by Declarant hereunder. In no event shall the limits of any policy be considered as limiting the liability of Declarant hereunder. In addition to the requirements set forth in clauses (a) and (b) above, each insurance policy required to be carried by Declarant pursuant to this Agreement:

i. shall be primary insurance and not contributory with any other insurance which Agency or its officers, officials, employees, volunteers, agents, or representatives may have;

ii. shall contain no special limitations on the scope of protection afforded to Agency or its officers, officials, employees, volunteers, agents, and representatives;

iii. shall be "per occurrence" rather than "claims made" insurance;

iv. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

v. shall provide that the policy will not be cancelled or limited in scope by the insurer or Declarant unless there is a minimum of thirty (30) days prior written notice by certified mail, return receipt requested to Agency;

vi. shall be written by a California licensed insurer with a Best rating of not less than A:VII;

vii. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Agency and its officers, officials, employees, volunteers, agents, and representatives; and

viii. shall contain a waiver by the insurer of any right to subrogation against Agency, City, and its officers, officials, employees, volunteer and agents, which arises or might arise by reason of any payment under such policy or policies or by reason of any act or omission of Agency or City or its officers, officials, members, employees, agents, or representatives.

12. Repair of Damage. If any improvements on the Regulatory Agreement Site shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty, and subject to the rights of senior lenders and the Landlord of the Regulatory Agreement Site under the Ground Lease, Declarant shall promptly proceed to obtain insurance

proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the improvements to substantially the same condition as the improvements are required to be maintained pursuant to this Agreement and the AH/F/DDA (and exhibits and attachments thereto), and Declarant shall complete the same as soon as possible thereafter so that the Senior Affordable Residential Complex can continue to be operated and occupied as an affordable housing project for Senior Citizens in accordance with this Agreement. In no event shall the repair, replacement, or restoration period exceed eighteen (18) months from the date of the destruction unless Agency approves a longer period of time, which approval shall not be unreasonably withheld.

13. Defaults and Remedies.

13.1 Defaults. Failure or delay by any party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party specifying the default (or five (5) days with respect to certain defaults described above) constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

13.2 Institution of Legal Actions. In addition to any other rights or remedies, any party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, or in any other appropriate court in that county.

13.3 Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its 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.

14. Miscellaneous.

14.1 Entire Agreement, Waivers, and Amendments. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof, with the exception of the AH/F/DDA and the agreements attached thereto. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. A waiver of default for the covenants, conditions or obligations under this Agreement by either party shall not be construed as a waiver of any succeeding default of the same or other covenants, conditions or obligations of this Agreement. Any amendment or modification to this Agreement shall be in writing and executed by the appropriate authorities of Agency and Declarant.

14.2 Attorneys' Fees and Costs. If either party to this Agreement commences an action against the other party to this Agreement arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

14.3 Prohibition Against Assignment and Transfer. The qualifications and identity of Declarant are of particular concern to Agency. It is because of those qualifications and identity that Agency has provided financial assistance to Declarant and entered into this Agreement with Declarant. Accordingly, Declarant shall not, whether voluntarily, involuntarily, or by operation of law, undergo any significant change in ownership or assign all or any part of this Agreement or any rights hereunder or in the Regulatory Agreement Site or any portion thereof without the Agency's prior written approval, which may be granted or denied in Agency's sole and absolute discretion. No assignment or transfer of Declarant's interest in this Agreement or the Regulatory Agreement Site shall be effective unless and until the proposed assignee and Declarant execute and deliver to Agency an assignment and assumption agreement in form satisfactory to the Agency counsel.

14.4 Interpretation; Governing Law. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement shall be interpreted in accordance with the internal laws of the State of California without regard to conflict of law principles.

14.5 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

14.6 Notices. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To Agency:	Cerritos Redevelopment Agency 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Executive Director Fax: (562) 916-1371
With a copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To Corporation	Cuesta Villas Housing Corporation 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Clerk Fax: (562) 916-1371

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

14.7 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to Declarant in the event of any default by Agency or City or for any amount which may become due to Declarant or on any obligations under the terms of this Agreement. No director, officer, employee, or contractor of Declarant shall be personally liable to Agency or City in the event of any default by Declarant or for any amount which may become due to Agency or City or on any obligations under the terms of this Agreement.

14.8 Covenants Run with the Land. This Agreement is designed to create equitable servitudes and covenants running with Declarant's leasehold interest in the Regulatory Agreement Site, in accordance with the provisions of Civil Code Section 1468. The covenants, conditions, restrictions, reservations, equitable servitudes, liens and charges set forth herein shall run with the Regulatory Agreement Site and shall be binding upon all persons having any right, title or interest in the Regulatory Agreement Site, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of the Agency and its successors and assigns; shall be binding upon Declarant and its successors and assigns; and may be enforced by Agency and its successors and assigns. Declarant hereby declares its understanding and intent that the burden of the covenants set forth herein touch and concern the land and that the Declarant's interest in the Regulatory Agreement Site is rendered less valuable thereby. Declarant hereby further declares its understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Regulatory Agreement Site by Regulatory Agreement Qualified Residents, and by furthering the public purposes for Agency.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Agency is deemed a beneficiary of the agreements and covenants provided herein both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Agency and such covenants shall run in favor of Agency for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. However, all such covenants and restrictions shall be deemed to run in favor of all real property owned by Agency which real property shall be deemed the benefited property of such covenants. Furthermore, all of the covenants, conditions, and restrictions contained herein shall also constitute easements in gross running in favor of Agency. Agency shall have the right, in the event of any default of any covenant, to exercise all the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such default of said covenant.

14.9 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, Agency and Declarant have caused this instrument to be executed on their behalf by their respective officers or agents herein duly authorized as of the date set forth above.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"DECLARANT"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO REGULATORY AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

LEGAL DESCRIPTION OF PROPERTY

[Attach Legal Description of Senior Affordable Residential Complex Parcel if subdivided and approved as provided in the Affordable Housing, Financing, and Disposition and Development Agreement]

ATTACHMENT "2" TO REGULATORY AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

INCOME COMPUTATION AND CERTIFICATION FORM

[Attached]

City of Cerritos

INCOME WORKSHEET AND CERTIFICATE

All members of the household who generate income are to be listed below:

	Household Member #1 (Head): _____ (First and Last Name)	Household Member #2 (Spouse): _____ (First and Last Name)	Household Member #3: _____ (First and Last Name)	Household Member #4: _____ (First and Last Name)
Applicant Information:				
Age:				
Social Security Number:				
Place of Employment: (If Applicable)				
Annual Income:				
Salary, wages, business income:				
Retirement benefits, annuities:				
Social Security Benefits:				
(A) Total Annual Income:				
Assets:*				
Bank Accounts (Checking and Savings):				
Cash value of insurance policies:				
Stocks:				
Bonds:				
Value of equity in real property:				
Other:				
Total Assets:				
(B) 10% of Total Assets: = .10 x Total Assets				

	Household Member #1 (Head): _____ (First and Last Name)	Household Member #2 (Spouse): _____ (First and Last Name)	Household Member #3: _____ (First and Last Name)	Household Member #4: _____ (First and Last Name)
Grand Total Annual Income: ***= (A) + (B)***				
			TOTAL HOUSEHOLD INCOME:	

Note on Assets – Where a qualified owner has net family assets greater than $5,000, the gross income of a qualified owner includes an amount equal to the greater of (i) all income received from any net family assets or (ii) ten percent of the value of those net family assets. The following are included in the definition of Net Family Assets in order to determine the income level of a Qualified Owner: bank accounts, cash value of insurance policies, stocks, bonds, value of equity in real property (other than the household's full-time residence) and any other form of capital investment. ***The value of necessary items such as furniture and automobiles are excluded from the definition of Net Family Assets.***

This certificate is made with the knowledge that it will be relied upon by the Lender to determine maximum income for eligibility to purchase the unit, and I/we declare that all information set forth herein is true, correct and complete based upon the information provided.

I/We declare under penalty of perjury that the foregoing is true and correct.

_____ Date

_____ Applicant Signature

_____ Date

_____ Applicant Signature

EXHIBIT "J-1"

166th STREET PROPERTY LEASE AND OPTION TO PURCHASE AGREEMENT

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

City of Cerritos
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: City Manager

(Space Above For Recorder's Use)

This Lease and Option to Purchase Agreement is recorded at the request and for the benefit of the City of Cerritos and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

LEASE AND OPTION TO PURCHASE AGREEMENT
(*166th Street Property*)

This LEASE AND OPTION TO PURCHASE AGREEMENT ("Lease and Option Agreement" or "Agreement") dated as of _____, _____, (the "Lease and Option Effective Date"), is entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City," "Lessor", and "Optionor"), and the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District," "Lessee" and "Optionee"). City and District are hereinafter periodically referred to individually as a "Party" or "party" and collectively as the "Parties" or "parties."

R E C I T A L S

A. On or about _____, _____, City, District, the CERRITOS REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos to facilitate the provision of affordable housing for senior citizens within the City, and to facilitate the relocation of District's administrative offices and provision of renovated administrative, warehouse, and school kitchen facilities. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. City is the owner in fee of that certain real property and improvements and amenities thereon located at 12881 One Hundred Sixty-Sixth Street in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference (the "Property"). The Property is currently improved with an office building comprised of approximately 44,500 square feet of usable office space, parking, and related commercial office amenities.

C. City is also owner in fee of that certain real property and improvements and amenities thereon located adjacent to the Property at the address of 12880 Moore Street in the City of Cerritos, County of Los Angeles, State of California (the "Adjacent Property"). The Adjacent Property is currently improved with a warehouse comprised of approximately 35,500 square feet of warehouse space, a central kitchen facility, parking, and related warehouse and food service improvements and amenities. The 166th Street Property and Moore Street Property are collectively referred to herein as the "166th/Moore Streets Properties."

D. Pursuant to the AH/F/DDA, Agency was to enter into a long-term ground lease with District, which was then to be assigned to Corporation, so that Corporation could develop, own, and manage or cause to be managed a senior affordable housing development, senior center, park, and related facilities on certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California (the "Norwalk Boulevard Property"). As of the Effective Date of the AH/F/DDA, the Norwalk Boulevard Property served as the District's administrative offices and had an antiquated warehouse and unusable central kitchen facility. Because the senior affordable housing development, senior center, park, and appurtenant improvements were to be located where the administrative offices and kitchen/warehouse facilities for the District were also located, the District's administrative offices and kitchen/warehouse facilities needed to be relocated. In order to accommodate the necessary relocation of the District's administrative offices and kitchen/warehouse facility, City and District agreed to enter into the 166th/Moore Streets Properties Lease and Option Agreements.

E. To accommodate the administrative offices for the District, City and District desire to enter into this Lease and Option Agreement that provides District the right to possess the "Leased Premises" (as defined herein) and the option to purchase the Property, as more fully provided herein. All conditions precedent to the parties entering into this Lease and Option Agreement have been satisfied or waived as provided in the AH/F/DDA.

F. The lease of the Leased Premises and option to purchase the Property, the development and operation of the senior affordable residential complex, senior center, park, and related facilities thereto, the relocation and renovation of the District's administrative offices and kitchen/warehouse facility, as provided in this Lease and Option Agreement and the AH/F/DDA, and the fulfillment generally of this Lease and Option Agreement and the AH/F/DDA, are in the vital and best interest of the City of Cerritos and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

A G R E E M E N T

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS AND GENERAL PROVISIONS.

1.1 Definitions. If not defined in the AH/F/DDA, capitalized terms used in this Lease and Option Agreement are defined wherein used in this Lease and Option Agreement and/or as set forth in this Article 1. Unless otherwise defined herein, all capitalized terms shall have the same meaning ascribed to them in the AH/F/DDA which meanings are incorporated by this reference.

"166th Street Property" shall mean the Property as defined in this Lease and Option Agreement.

"166th Street Property Leased Premises" shall mean the Leased Premises as defined in this Lease and Option Agreement.

"166th Street Property Purchase and Sale Agreement" and "Purchase and Sale Agreement (166th Street Property)" shall mean that certain agreement for the purchase and sale of the Property by and between City and District in the form attached to this Lease and Option Agreement as Attachment "3".

"166th Street Property Rent" shall mean one-half (1/2), rounded up to the nearest penny (1/100th of a dollar), of the 166th/Moore Streets Properties Rent.

"166th/Moore Streets Properties" shall mean the 166th Street Property and the Adjacent Property.

"166th/Moore Streets Properties Escrow" shall have the meaning set forth in the 166th/Moore Streets Properties Purchase and Sale Agreements.

"166th/Moore Streets Properties Escrow Closing Date" shall have the meaning set forth in the 166th/Moore Streets Properties Purchase and Sale Agreements.

"166th/Moore Streets Properties Final Rent Payment Date" shall mean the final date upon which 166th/Moore Street Property Rent shall be due and payable by Lessee to Lessor pursuant to this Lease and Option Agreement.

"166th/Moore Streets Properties First Rent Payment Date" shall mean the first date upon which 166th/Moore Streets Properties Rent shall be due and payable by Lessee to Lessor pursuant to this Lease and Option Agreement.

"166th/Moore Streets Properties Lease and Option Agreements" shall mean collectively this Lease and Option Agreement and the Lease and Option Agreement for the Adjacent Property.

"166th/Moore Streets Properties Lease Term" shall mean the entire term during which the covenants, terms, and conditions of this Lease and Option Agreement shall be in full force and effect as provided in Article 2.

"166th/Moore Streets Properties Purchase and Sale Agreements" shall mean collectively the 166th Street Property Purchase and Sale Agreement and the Moore Street Property Purchase and Sale Agreement.

"166th/Moore Streets Properties Purchase Price" shall mean the purchase price for the 166th/Moore Streets Properties, which amount shall be determined as set forth in Article 18 of this Lease and Option Agreement.

"166th/Moore Streets Properties Purchase Price Schedule" shall mean the schedule attached hereto as Attachment "4" and incorporated herein by reference.

"166th/Moore Streets Properties Rent" shall have the meaning set forth in Article 3.

"166th/Moore Streets Properties Rent Payment Date" shall mean any date after the 166th/Moore Streets Properties First Rent Payment Date during the 166th/Moore Streets Properties Rent Payment Term on which 166th/Moore Streets Properties Rent is due and payable by Lessee to Lessor as prescribed in this Lease and Option Agreement.

"166th/Moore Streets Properties Rent Payment Term" shall mean the period during which Lessee shall have an obligation to pay the 166th/Moore Streets Properties Rent to Lessor as provided in Article 3 of this Lease and Option Agreement.

"Adjacent Property" shall have the meaning ascribed in Recital C of this Agreement.

"Agreement" shall mean this Lease and Option Agreement.

"AH/F/DDA" shall mean that certain Affordable Housing, Financing, and Disposition and Development Agreement referenced in the Recitals to this Lease and Option Agreement.

"Alterations" shall mean structural additions, alterations, or improvements to the Leased Premises performed or caused to be performed by Lessee as described in Article 9 of this Lease and Option Agreement. Alterations are any structural additions, alterations, or improvements that are not Public Improvements completed or caused to be completed by Lessor pursuant to the AH/F/DDA.

"Certificate of Occupancy Seventy Percent Date" shall have the same meaning set forth in the AH/F/DDA.

"Condemnation Award" shall mean all compensation paid or payable by reason of a Taking, whether pursuant to judgment, agreement or otherwise.

"Leased Premises" shall mean the portion of the Property and Improvements thereon leased to Lessee as more particularly depicted and outlined in the floor plan or other plans attached hereto as Attachment "2" and incorporated herein by this reference.

"Lessee FF&E" shall mean all machinery, trade fixtures, furnishing, equipment, and other personal property on the Leased Premises installed by Lessee after the completion of the

Public Improvements on the Property that constitutes personal property of the Lessee, as provided in this Lease and Option Agreement.

"Improvements" shall mean, unless more specifically defined in this Lease and Option Agreement or AH/F/DDA, general improvements that have been constructed or will be constructed on the Property, or any portion thereof.

"Option" shall have the meaning set forth in Article 18 of this Lease and Option Agreement.

"Option Term" shall mean the term during which Optionee shall have the right to exercise the Option as set forth in this Agreement.

"Option Conditions" shall mean the conditions that must be satisfied prior to Optionee having the right to exercise the Option as provided in Article 18 of this Lease and Option Agreement.

"Option Consideration" shall mean that amount of consideration paid by Optionee to Optionor to preserve the right to exercise the Option as set forth in Article 18 of this Lease and Option Agreement.

"Moore Street Property" shall mean the Adjacent Property as defined in this Lease and Option Agreement.

"Moore Street Property Purchase and Sale Agreement" and "Purchase and Sale Agreement (Moore Street Property)" shall mean that certain agreement for the purchase and sale of the Adjacent Property by and between City and District in the form attached to the Moore Street Lease and Option Agreement.

"Notice of Exercise of Option" shall mean the written notice that is required to be delivered to Optionor by Optionee to exercise the Option, as provided in this Lease and Option Agreement.

"Partial Taking" shall mean any Taking that is not a Total Taking.

"Property" shall have the meaning ascribed in Recital B of this Lease and Option Agreement.

"Property Common Area" shall have the meaning set forth in Article 11 of this Lease and Option Agreement.

"Relocation Completion Date" shall have the same meaning set forth in the AH/F/DDA.

"Taking" shall mean any taking or damage to the Leased Premises or any portion thereof or interest therein, including severance damage, under the power of eminent domain or by inverse condemnation. A "Taking" shall include any voluntary conveyance or transfer in lieu of the exercise of the power of eminent domain or while eminent domain proceedings are pending.

"Total Taking" shall mean the Taking of all of the Leased Premises or so much of the Leased Premises that, in the reasonable discretion of Lessee, it is determined that the remainder is unsuitable for Lessee's continued use.

2. LEASE OF PREMISES AND TERM OF LEASE.

2.1 Lease. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the Leased Premises for the 166th/Moore Streets Properties Lease Term subject to the terms and conditions of this Agreement and the AH/F/DDA.

2.2 Lease Term. The term of the lease of the Leased Premises shall commence on the Ground Lease Escrow Closing Date (as defined in the AH/F/DDA) and shall continue thereafter in full force and effect until the earlier of: (i) the 166th/Moore Streets Properties Escrow Closing Date only if Lessee exercises the Option in accordance with this Agreement; or (ii) the date that is thirty (30) years from the Certificate of Occupancy Seventy Percent Date (the period in either Subsection (i) or (ii) as applicable being the "166th/Moore Streets Properties Lease Term").

2.3 Memorializing Dates of Receipt of Certificate(s) of Occupancy and Option Term. At the request of either party to this Lease and Option Agreement, the parties shall execute a recordable instrument that memorializes the month, date, and year of termination of the 166th/Moore Streets Properties Lease Term based upon the definition in Subsection (ii) of Section 2.2 above, it being understood by the parties that the month, date, and year of the expiration of 166th/Moore Streets Properties Lease Term can only be certain after the City has issued the required percentage of Certificate(s) of Occupancy for the Restricted Units in the Senior Affordable Residential Complex. At the request of either party to this Lease and Option Agreement, the parties shall execute a recordable instrument that memorializes the month, date, and year of the expiration of the Option Term as defined in this Agreement, it being expressly understood by the parties that the month, date, and year of the expiration of the Option Term can only be certain after the completion of the relocation of the District's administrative offices and kitchen/warehouse facilities as provided in the AH/F/DDA (defined therein as the "Relocation Completion Date"). In the event that such instrument(s) is recorded, and Lessee exercises the Option pursuant to this Lease and Option Agreement, Lessor shall execute and record or cause to be recorded an instrument that will show the termination of the 166th/Moore Streets Properties Lease Term to coincide with the 166th/Moore Streets Properties Escrow Closing Date.

2.4 Recorded Encumbrances. This Lease and Option Agreement, the interests of Lessor and Lessee hereunder, and the Property, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record prior to the recordation of this Lease and Option Agreement.

2.5 Possession. Notwithstanding the commencement date of the 166th/Moore Streets Properties Lease Term, District shall not use or occupy the Leased Premises until the City has issued all Notices of Completion of Construction for the Public Improvements for the Property and Certificates of Occupancy for the Leased Premises.

3. RENT FOR THE LEASED PREMISES.

3.1 Rent for Leased Premises. During the 166th/Moore Streets Properties Rent Payment Term, Lessee shall pay to Lessor the 166th Street Property Rent each month for the Leased Premises.

3.2 166th/Moore Streets Properties Rent; Explanation of Rent Amount. The 166th/Moore Streets Properties Rent shall be the amount of Seventy-Seven Thousand Eight Hundred Thirty Nine Dollars and Fourteen Cents ($77,839.14) each month. The 166th Street Property Rent for the Leased Premises is one-half (1/2) of the above-described amount (rounded up to the nearest penny (1/100th of a dollar)), with the remaining one-half (1/2) of said amount to be paid as rent for the Adjacent Property.

3.3 Term and Dates of Payment. Lessee's obligation to pay the 166th Street Property Rent to Lessor shall commence on the Certificate of Occupancy Seventy Percent Date, and shall continue thereafter in full force and effect for the remainder of the 166th/Moore Streets Properties Lease Term (the "166th/Moore Streets Properties Rent Payment Term"). The first payment of 166th Street Property Rent shall be due and payable on the first day of the first month following the Certificate of Compliance Seventy Percent Date (the "166th/Moore Streets Properties First Rent Payment Date"), and each subsequent payment of 166th Street Property Rent shall be due and payable in advance on the first day of each calendar month (each, a "166th/Moore Streets Properties Rent Payment Date") after the 166th/Moore Streets Properties First Payment Date for the duration of the 166th/Moore Streets Properties Rent Payment Term; provided, however that Lessee may defer payment of any 166th Street Property Rent until the first January 1 of the year following the Certificate of Occupancy Seventy Percent Date occurred, on which date any and all unpaid 166th Street Property Rent hitherto due and payable from prior 166th/Moore Streets Properties Rent Payment Dates shall be due and payable to Lessor.

3.4 Final Rent Payment Date. The final rental payment shall be due and payable on the date that the 166th/Moore Streets Properties Lease Term terminates, unless Lessee exercises the Option as provided in this Agreement, in which case the final rental payment shall be due and payable on the 166th/Moore Streets Properties Escrow Closing Date (the applicable date being the "166th/Moore Streets Properties Final Rent Payment Date"). In the event that Lessee exercises the Option, Lessee shall deposit into the 166th/Moore Streets Properties Escrow the amount of any unpaid 166th Street Property Rent due and payable through the 166th/Moore Streets Properties Escrow Closing Date, and said amount shall be disbursed to Lessor (or Lessor's designee) as provided in the 166th/Moore Streets Properties Purchase and Sale Agreements.

3.5 Prorate. The 166th Street Property Rent for any period during the 166th/Moore Street Property Rent Payment Term which is for less than one (1) full calendar month shall be prorated based upon a 360-day calendar year with 30-day months.

3.6 Exercise of Option Prior to Commencement of Rent Payment Term. Lessee shall have the right to exercise the Option prior to the commencement of the 166th/Moore

Streets Properties Rent Payment Term, in which case the 166th/Moore Streets Properties Purchase Price shall be calculated as provided in this Lease and Option Agreement.

3.7 Place for Payment of Rent. All 166th Street Property Rent that becomes due and payable pursuant to this Lease and Option Agreement shall be paid to Lessor in lawful money of the United States at the address listed herein or such other place as the Lessor may from time to time designate by written notice to the Lessee without notice or demand.

3.8 Additional Sums. All sums of money due to Lessor pursuant to this Lease and Option Agreement not specifically characterized as rental payments shall constitute additional 166th Street Property Rent and shall be due and payable on the 166th/Moore Streets Properties Rent Payment Date that is after the date of delivery to Lessee of the billing for said sums of money. Nothing contained in this Lease and Option Agreement shall be deemed to suspend or delay the payment of any sum of money at the time it becomes due and payable, or limit any other right or remedy of Lessor.

3.9 Interest. Any amount of 166th Street Property Rent or other sums due to Lessor, if not paid within thirty (30) days following the applicable 166th/Moore Streets Properties Rent Payment Date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or the maximum non-usurious rate allowed by law, whichever is less. Payment of interest shall not excuse or cure any default by Lessee.

3.10 Records and Audit. Lessee shall keep full and accurate books of account, records and other pertinent data with respect to the payment of 166th/Moore Streets Properties Rent and the general operations of the uses permitted herein during the 166th/Moore Streets Properties Lease Term. Such books of account, records, and other pertinent data shall be kept for a period of no less than three (3) years after the applicable 166th/Moore Streets Properties Rent Payment Date or, if Lessor has initiated an audit of Lessee's records prior to the end of such three (3) year period, until said audit has been completed and any dispute relating to the results of said audit have been finally resolved and any delinquent payments have been made. Lessor shall have the right to inspect and audit or cause an audit to be conducted over any records required to be maintained pursuant to this Agreement upon reasonable notice to the party required to keep such records. Lessee shall not withhold or delay inspection of such records or the ability to conduct an audit that may require the review of said records.

4. POSSESSION AND SURRENDER OF LEASED PREMISES.

4.1 Acceptance of Leased Premises. Pursuant to the terms and conditions of this Lease and Option Agreement, Lessee agrees to accept the Leased Premises in the condition called for by the AH/F/DDA and this Lease and Option Agreement.

4.2 Condition of Leased Premises. Lessee shall be deemed to have accepted the Leased Premises as of the Lease and Option Effective Date and for the duration of the 166th/Moore Streets Properties Lease Term "AS IS," "WHERE IS," and "WITH ALL FAULTS" without any representation or warranty of Lessor as to the physical condition of the Leased Premises. Lessor makes no covenant, warranty, or representation as to the suitability of the Leased Premises for the uses permitted by this Lease and Option Agreement, or respecting

the condition of the soil, subsoil, structures, or Improvements that constitute the Leased Premises, and Lessor shall not be responsible for any land subsidence, slippage, soil instability, structural defect, or damage resulting therefrom. Except for the Public Improvements to be completed as set forth in the AH/F/DDA, Lessor shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on, under or about the Leased Premises to comply with any law or otherwise during the 166th/Moore Streets Properties Lease Term. By taking possession of the Leased Premises, Lessee thereby acknowledges that the Leased Premises are in good and tenable condition for the purposes authorized and intended hereby and that Lessee shall not hold Lessor responsible for any repairs or improvements thereon except as may be expressly set forth by the AH/F/DDA or this Lease and Option Agreement.

4.3 Right to Quiet Enjoyment. So long as Lessee is not in default beyond any applicable notice and cure periods of this Lease and Option Agreement during the 166th/Moore Streets Properties Lease Term, Lessee may lawfully and peaceably hold, occupy, and enjoy the Leased Premises without disturbance, interruption, or hindrance by Lessor, or any person or entity claiming by or through Lessor.

4.4 Surrender of Leased Premises.

4.4.1 Surrender if No Exercise of Option. Unless Lessee exercises the Option in accordance with this Lease and Option Agreement, Lessee shall, upon the expiration or early termination of the 166th/Moore Streets Properties Lease Term, peaceably yield up and surrender the Leased Premises, and all Improvements and fixtures (except Lessee FF&E) thereon and therein, to Lessor in good order, repair, and condition, reasonable wear and tear and damage from casualty excepted.

4.4.2 Holdover Tenancy. In the event that Lessee continues in possession of the Leased Premises after the termination of the 166th/Moore Streets Properties Lease Term without having exercised the Option in accordance with this Agreement, and Lessor expressly or impliedly consents to the continued possession, such holding over shall be deemed a tenancy from month to month subject to all of the terms and conditions of this Lease and Option Agreement. Lessee shall pay the 166th Street Property Rent in the same manner and on the same basis as was in effect immediately prior to such holding over; provided, however, that Lessor expressly reserves the right to adjust the 166th Street Property Rent at any time during the holdover period to a monthly rate that may be up to but not exceed the fair market rental value of the Leased Premises as determined by an independent appraisal, performed by an appraiser of Lessor's choosing. Lessor shall have the right upon no less than thirty (30) days prior written notice to Lessee to either (i) modify the terms and conditions of Lessee's leasehold interest (including but not limited to an adjustment in the amount of rent), or (ii) terminate the month to month tenancy during the holdover period. In the event that Lessor terminates the month to month tenancy during any holdover period, Lessee shall peaceably yield up and surrender the Leased Premises, and all Improvements and fixtures (except Lessee FF&E) thereon and therein, to Lessor in good order, repair, and condition, reasonable wear and tear and damage from casualty excepted. No holding over by Lessee, whether with or without Lessor's consent, shall operate to extend the 166th/Moore Streets Properties Lease Term.

4.4.3 Abandonment. Upon taking possession of the Leased Premises as authorized herein and for the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall not abandon or vacate the Leased Premises at any time. If Lessee shall abandon, vacate or otherwise surrender the Leased Premises as proscribed in this Section, or be dispossessed (other than dispossession as the result of a Substantial Taking or a Taking and subject to Article 15 below, damage or destruction from casualty, or events of force majeure) thereof by process of law or otherwise, the same shall constitute a default under this Lease and Option Agreement on the part of Lessee and, in addition to any other remedy available on the part of Lessor, any of Lessee's property left in, upon or about the Leased Premises shall, at Lessor's option, be deemed to be abandoned and shall become the property of Lessor.

5. TAXES AND ASSESSMENTS.

5.1 Notice of Possessory Interest. In accordance with California Revenue and Taxation Code Section 107.6(a), Lessor notices Lessee that by entering into this Lease and Option Agreement, a possessory interest subject to assessment and collection of property taxes may be created. Lessee or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. If possessory interest taxes are assessed, Lessee agrees it is responsible for payment thereof and Lessor has no obligation or liability of any kind or nature relating to payment of property taxes. Lessee shall, at its sole cost and expense, seek exemption from, or contest the payment of, assessments and the collection of property taxes pursuant to Revenue and Taxation Code Section 214, or a successor statute. During the pendency of such contest or request, Lessee's non-payment of assessments or taxes when due shall not constitute a default hereunder if (i) the validity of such assessments and taxes are actively contested in good faith and by appropriate proceedings, (ii) Lessee has demonstrated to Lessor's reasonable satisfaction that leaving such assessments or taxes unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such assessments or taxes or otherwise impair Lessor's interest in the Property, (iii) Lessee has furnished Lessor with a bond or other security satisfactory to Lessor in an amount not less than 100% of the applicable claim (including interest and penalties) and (iv) upon the final disposition of such proceedings, Lessee shall promptly pay all taxes and assessments then due, inclusive of any unpaid accrued penalties and interest. Lessor is a tax exempt public entity and no property taxes will be or are legally assessable against its fee interest.

5.2 Payment of Taxes. Subject to any applicable exemptions and the right to contest, Lessee is responsible for and shall pay the real property and/or possessory interest taxes applicable to the Leased Premises during the 166th/Moore Streets Properties Lease Term. All such payments shall be made prior to the delinquency date of such payment. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid or that an exemption from such taxes has been obtained. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the 166th/Moore Streets Properties Lease Term, Lessee's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which the 166th/Moore Streets Properties Lease Term as defined in this Lease and Option Agreement shall be in effect, and Lessor shall reimburse Lessee to the extent required. If Lessee shall fail to pay any such taxes, Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor within ten (10) days after written demand from Lessor.

5.3 Definition. As used herein, the term "real property tax" shall include any form of real estate tax or assessment (including, without limitation, on possessory interests), general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income, or estate taxes) imposed on the Leased Premises or any interest (including, without limitation, possessory interests) therein by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor or Lessee in the Leased Premises or in the real property of which the Leased Premises are a part. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed as a result of a transfer, either partial or total, of Lessor's interest in the Leased Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (iv) which is imposed by reason of this lease transaction, any modifications or changes hereto, or any transfers hereof.

5.4 Personal Property. For the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall pay prior to delinquency all taxes assessed against and levied upon any furniture, fixtures, and equipment, machinery or other similar personal property purchased or installed by Lessor as part of the Public Improvements for the Leased Premises (as set forth in the AH/F/DDA as part of the Public Improvements to be completed), and Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee FF&E located on the Leased Premises.

5.5 Apportionment. If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee not later than the later of (a) thirty (30) days after receipt of a written statement setting forth the taxes applicable to Lessee's property or (b) fifteen (15) days prior to the date said taxes are due and payable.

6. UTILITIES AND SERVICES.

6.1 Lessee Obligation for Payment. Lessee shall timely pay when due any and all utility charges and fees, however described, for water, gas, heat, electricity, telephone, sewer, trash collection and recycling, storm drain and water quality, cable television, internet, and telecommunications services, and any other utility services provided to or for the benefit of the Leased Premises. To the extent the Leased Premises have separate water, gas, and electric meters, Lessee's charges for said utilities shall be measured therefrom. Lessee shall have a separate telephone account, and said utility charges shall be measured therefrom. Lessee shall contract for regular trash collection services for the Leased Premises, with pick-up no less than six (6) days per week. To the extent the Leased Premises do not have the means to measure Lessee's usage of any utility separately from the usage of Lessor or other tenants at or occupants of the Property (if any), Lessee shall pay the portion of that utility usage based upon the percentage of square feet occupied by the Leased Premises compared to the total square footage of the useable commercial space on the Property or based upon such other method of allocation

as may be reasonably determined by Lessor to be fair and appropriate based upon Lessee's proportionate usage.

6.2 Service Interruption; No Lessor Liability. So long as Lessor does not default in the performance of its obligations and duties hereunder, Lessor shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Leased Premises, and no such failure or interruption, unless protracted greater than forty-eight (48) hours and due to solely Lessor's active negligence or willful misconduct, shall entitle Lessee to an abatement of the 166th Street Property Rent or other amounts due hereunder.

7. USE OF LEASED PREMISES.

7.1 Use of Property. The Leased Premises shall be used for the central administrative offices for the ABC Unified School District, District programs for education that do not require the use of a classroom, and related uses thereto, and for no other purpose.

7.2 Prohibited Uses. Lessee shall not use or permit the use of the Leased Premises, nor bring or keep or permit to be brought or kept on the Leased Premises, anything which: (i) is prohibited by or in conflict with any federal, state, or local law or regulation; (ii) is prohibited by the standard form of fire insurance policy or other insurance policy pertaining to the Leased Premises; and (iii) will increase the existing rate of or affect fire or other insurance for the Improvements (including but not limited to the office building) on the Property or the contents therein, or cause a cancellation of any insurance policy covering the Improvements (including but not limited to the office building) on the Property or the contents therein. Lessee shall not use or permit the use of the Leased Premises in any manner that would violate the environmental requirements as provided in this Lease and Option Agreement.

7.3 Nondiscrimination by Lessee. Lessee covenants by and for itself and its heirs, executors, administrators and assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions:

(a) 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.

(b) Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code.

With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above.

8. MAINTENANCE AND REPAIRS OF LEASED PREMISES.

8.1 General Obligations of Lessee. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Street Property Lease Term (and any holdover period), Lessee shall maintain or cause to be maintained the Leased Premises in good condition and repair consistent with similarly improved real property in the City of Cerritos and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Lessee shall at its sole expense maintain the Leased Premises (which shall including without limitation the roof, interior ceilings, interior and exterior walls of the portion of the Improvements (including but not limited to the building) within or immediately adjacent to the Leased Premises, the electrical, plumbing, and heating, ventilation, and air conditioning ("HVAC") systems within or servicing the Leased Premises, the building foundation serving the Leased Premises, and structural supports for those portions of the Improvements (including but not limited to the building) leased to Lessee and/or immediately adjacent to the Leased Premises), and all other Improvements, furniture, fixtures, equipment, and personal property located on or within the Leased Premises in a first-class condition, and in good order and repair, free of litter and trash, reasonable wear and tear and casualty damage excepted. Lessee shall maintain all landscaping, potted plants, and other live plants in and about the Leased Premises in a healthy, pruned, and neat condition, and Lessee shall promptly remove and replace any dead or diseased plants. Lessee shall maintain and repair any parking areas, driveways, private streets, sidewalks, pathways, and other surface areas in and about the Leased Premises used for vehicular and pedestrian ingress, egress, and access, and Lessee shall repave and repair at its own cost and expense all asphalt, pavement, concrete and other material used for said purposes in and about the Leased Premises. Lessee shall keep the Leased Premises free from all graffiti and any accumulation of debris or waste material upon the completion of the Public Improvements on the Property. Lessee shall make all repairs and replacements necessary to keep the Leased Premises in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping.

8.2 Prompt Repairs. Lessee shall be responsible for the day-to-day maintenance and repair of the Leased Premises and all portions thereof, including, without limitation, all of Lessee's FF&E, the exterior and interior windows, all Lessee signs, door and window locks and closing devices, and all window sashes, casements or frames, doors and door frames, floor coverings, including carpeting, and other special flooring. Lessee shall promptly replace all broken glass, both exterior and interior, with glass of the same kind, size, and quality.

8.3 Lessor Right to Enforce Maintenance and Repair Obligations. In the event that Lessee breaches any of the covenants contained in this Article or this Agreement concerning

its maintenance and repair obligations, and such default continues for a period of five (5) days after written notice from Lessor (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Lessor (with respect to building improvements), then Lessor in addition to whatever other remedy it may have at law or in equity shall have the right to enter upon the Leased Premises and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Lessor shall be permitted (but not required) to enter upon the Leased Premises and perform all acts and work necessary to protect, maintain, and preserve the Leased Premises and landscaped areas therein, and to charge Lessee as additional rent the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation and/or costs of such cure. Lessee shall pay Lessor for any and all costs incurred by Lessor for the maintenance and repair of the Leased Premises no later than thirty (30) days after delivery to Lessee by Lessor of a bill or invoice for the same.

8.4 No Lessor Obligation. Except as expressly set forth in this Lease and Option Agreement, Lessor shall have no responsibility for the maintenance or repair of the Leased Premises or any Improvements, furniture, fixtures, equipment, or personal property located thereon or therein. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee hereby expressly waives all rights to make repairs at the expense of Lessor or instead to vacate the Leased Premises, and Lessee further waives the provisions of Civil Code Sections 1941 and 1942 with respect to Lessor's obligations under this Lease and Option Agreement.

9. STRUCTURAL ALTERATIONS TO LEASED PREMISES.

9.1 Public Improvements on Property. Lessor shall perform or cause to be performed to completion the Public Improvements on the Property in accordance with the AH/F/DDA.

9.2 No Lessee Alterations Without Lessor Approval. From and after the date that Lessor completes the Public Improvements on the Property as provided for in the AH/F/DDA and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee shall not make or permit any other structural additions, alterations, or improvements (collectively, "Alterations") to the Leased Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed (unless this Lease and Option Agreement otherwise reserves Lessor's approval in its sole and absolute discretion). Nothing set forth in this Article or Agreement is intended or shall be interpreted to limit or restrict Lessor's exercise of its police powers, including the consideration and approval of required applications for development and building entitlements.

9.3 Pre-Approved Alterations. Lessor hereby pre-approves the following Alterations: (i) the installation of Lessee FF&E that does not affect the electrical, plumbing, and heating, ventilation, and air conditioning ("HVAC") systems (or any other utility systems) within or servicing the Leased Premises; (ii) the installation of Lessee FF&E that has no impact on and does not affect the structural support for those portions of the Improvements (including but not limited to the building) that are part of the Leased Premises; (iii) the repainting, re-carpeting, or

re-flooring of the Leased Premises so long as such work is of the same quality and type as originally installed on the Leased Premises; and (iv) Alterations in the amount of five thousand dollars ($5,000.00) or less and have no impact on or affect the structural support for those portions of the Improvements (including but not limited to the building) that are part of the Leased Premises.

9.4 Procedure for Performing Alterations. Lessee shall give Lessor no less than thirty (30) days' prior written notice before any Alterations (whether or not requiring Lessor approval) on the Leased Premises are undertaken by or on behalf of Lessee. Any Alterations, whether or not requiring Lessor's approval, shall be made at Lessee's sole cost and expense and in accordance with the following: (i) such work, including, without limitation, Lessee's final working drawings, plans, specifications, and choice of contractors, subcontractors, and suppliers shall be subject to the continuing approval of Lessor, which information shall be furnished to Lessor for review and approval before the work is commenced, and any work not acceptable to the appropriate governmental entity or not reasonably satisfactory to Lessor shall be promptly replaced at Lessee's expense; (ii) notwithstanding any failure by Lessor to object to any such work, Lessor shall not be responsible therefor; (iii) such work shall not adversely affect the outside appearance and strength of the Leased Premises and the Improvements (including the building structure) on the Property, or the mechanical, electrical, and plumbing services and equipment thereof; (iv) such work shall not alter, add to, or otherwise change the exterior of the Leased Premises or the Improvements on the Property without Lessor's prior written consent, which may be withheld or conditioned in Lessor's sole and absolute discretion; (v) such work shall not cause or create a dangerous or hazardous condition and shall not interfere with or disturb tenants, subtenants, or other occupants (if any) of the Property; (vi) Lessee shall cause all such work to be performed in such a manner as not to obstruct the access to the Leased Premises, the Property Common Area, the Property, or any portion thereon or thereof; (vii) such work shall be done in a good and workmanlike manner and in compliance with all applicable legal requirements and shall be diligently prosecuted to completion; (viii) Lessee's contractor or each of its subcontractors shall be bonded with sureties satisfactory to Lessor in an amount sufficient to ensure full performance of the work to be done by Lessee and to ensure full payment to all materialmen; (ix) Lessee and its contractor and subcontractors shall carry such worker's compensation, general liability and personal and property damage insurance as Lessor may reasonably require; (x) such insurance shall be adequate to protect Lessor and shall name City and Agency (and their respective officers, officials, members, directors, employees, representatives, agents, and volunteers) as additional insureds; (xi) Lessee shall defend, indemnify, and hold harmless City and Agency and their respective officers, officials, members, directors, employees, representatives, agents, and volunteers (all of the foregoing being collectively referred in this Section as the "Indemnitees") from and against any and all claims, actions, damages, liabilities, and expenses (including, without limitation, attorneys' fees) directly or indirectly arising out of or incurred in connection with, and any and all claims, demands, suits, actions for or in relation to, wages or cost of materials or equipment used in connection with, additions, alterations and improvements made or caused to be made by Lessee; and (xii) Lessor shall have the right at all reasonable times to post and keep posted on the Leased Premises any notice that may be provided by law which Lessor may deem necessary or advisable for the protection of Lessor and the Leased Premises from mechanics' lien or stop notice claims. The restrictions contained in this Section with respect to Lessee's contractors, subcontractors, and

suppliers shall apply regardless whether such persons or entities are employees or agents of, or otherwise affiliated with Lessee.

9.5 Mechanic's Liens. Notwithstanding the fact that the Property is owned by a public entity, Lessee shall do all things reasonably necessary to prevent the filing of any mechanics' liens or other liens against the Leased Premises, or any part thereof, by reason of work, labor, services, or materials supplied or claimed to have been supplied to Lessee or anyone holding the Leased Premises, or any part thereof, through or under Lessee. Without limiting the generality of the foregoing, Lessee shall record a notice of completion promptly upon the completion of any such work, labor, services or supplying of materials, in the manner permitted by law. If any such lien shall at any time be filed, Lessee shall promptly notify Lessor of same and shall either cause the same to be discharged of record within twenty (20) days after the date of filing the same, or, if Lessee, in its discretion and good faith, determines that such lien should be contested, it shall furnish such security as may be required by law to prevent any foreclosure proceedings against the Leased Premises, or any part thereof, or Lessee's interest therein, during the pendency of such contest. If Lessee shall fail to discharge such lien within such period or fail to furnish such security, then, in addition to all other rights or remedies, Lessor may, but shall not be obligated to, discharge the same no sooner than five (5) days after delivery of written notice to Lessee (and assuming Lessee has not cured its default within that period of time) (i) by paying the amount claimed to be due, (ii) by procuring the discharge of such lien by deposit in court, (iii) by giving security, or (iv) in such other manner as is, or may be, prescribed by law. Any amount paid by Lessor for any of the aforesaid purposes, including all reasonable attorney's fees to procure the discharge of such lien with all necessary disbursements in connection therewith, with interest thereon at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, from the date of payment, shall be repaid by Lessee to Lessor on demand. Nothing herein contained shall imply any consent or agreement on the part of Lessor to subject the Leased Premises, or any part thereof, to liability under any mechanics' lien law.

10. OWNERSHIP OF IMPROVEMENTS AND ALTERATIONS ON LEASED PREMISES.

10.1 Ownership of Lessee FF&E by Lessee. Except to the extent that Lessee FF&E is subject to the provisions of Section 10.2 of this Agreement, from the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee FF&E shall constitute personal property of the Lessee and shall be and remain the property of Lessee. Lessee shall have the right to remove any and all Lessee FF&E at any time until the expiration of the 166th/Moore Streets Properties Lease Term, and Lessee shall remove from the Leased Premises all such items of property prior to the termination of the 166th/Moore Streets Properties Lease Term unless Lessee exercises the Option pursuant to this Agreement, in which case Lessee may keep all such items of property on the Leased Premises after the 166th/Moore Streets Properties Closing Date. Lessee may also remove any signs containing Lessee's name, trademark, symbol, logo, or design regardless of whether same are attached or affixed to the real property and regardless of their characterization as real or personal property or fixtures under law. Lessee shall repair promptly any damage to the Leased Premises or Property caused by the removal of Lessee FF&E or any other property removed by Lessee,

and Lessee's obligation to repair any said damage shall survive the expiration or early termination of the 166th/Moore Streets Properties Lease Term.

10.2 Ownership by Lessor of Permanent Fixtures and Building Systems. Any and all building or structural improvements and trade fixtures permanently affixed to the Leased Premises shall immediately become and remain the property of Lessor upon installation onto the Leased Premises.

10.3 Basic Building Systems. For purposes of this Lease and Option Agreement, Lessee FF&E shall not include those major building components or fixtures necessary for operation of the basic building systems such as, but not limited to, the elevators, plumbing, sanitary fixtures, and central heating, ventilation, and air condition system(s).

10.4 Ownership at Expiration or Termination.

10.4.1 Property of Lessor. Upon the expiration or termination of the 166th/Moore Streets Properties Lease Term, all Improvements which constitute or are a part of the Leased Premises shall revert (without the payment of compensation to Lessee or others) to and be the property of Lessor. Upon the request of Lessor, Lessee shall quitclaim to Landlord any and all rights, interests and claims to the Improvements.

10.4.2 Unremoved Property. Upon the termination of the 166th/Moore Streets Properties Lease Term, any Lessee FF&E not removed by Lessee shall, without compensation to Lessee, become Lessor's property, free and clear of all claims to or against them by Lessee or any third person, firm or entity arising by, through or under Lessee.

10.5 Waste. Subject to the Alteration rights of Lessee and damage and destruction or condemnation of the Leased Premises or any part thereof, Lessee shall not commit or suffer to be committed any waste of the Property, Leased Premises, or any part thereof, or the Improvements or Lessee FF&E thereon.

11. PROPERTY COMMON AREA.

11.1 Definition. "Property Common Area" shall mean the portion(s) and area(s), if any, of the Property and Improvements thereon that are not reserved for the exclusive use and enjoyment by Lessor, Lessee, or other tenant or subtenant (if any). Property Common Area shall include parking areas, walkways, driveways, delivery passages, curbs, sidewalks, landscaped and planted areas, service areas, exterior and interior access ways and stairways, exterior and interior boundaries of the building(s) on the Property, retaining walls, paving, light fixtures, and other areas and non-building improvements that are not part of the Leased Premises, not part of any portion(s) or area(s) of the Property reserved for exclusive use and enjoyment by Lessor, and not part of any portion(s) or area(s) of the Property reserved for the exclusive use and enjoyment by other tenants or subtenants (if any). Lessor may make changes at any time in the size, shape, location, number, and extent of the Property Common Area (if any) provided such changes do not alter access, reduce parking, or adversely impact the Leased Premises or District's ability to conduct its business on the Property. No such change shall entitle Lessee to any abatement of the 166th Street Property Rent. Before instituting any such change in the Property Common Area (if any), Lessor shall notify Lessee thereof and consult with Lessee

thereon, but Lessee's consent thereto shall not be required and Lessor may institute such change in its sole discretion.

11.2 Lessee Right to Use. Lessee and its employees, agents, and invitees shall be entitled to use the Property Common Area (if any) in common with Lessor and with other persons authorized by Lessor. Lessee's use of the Property Common Area shall not interfere with or impair the use and enjoyment of the Property by Lessor or other tenants or subtenants, and their employees, agents, and invitees, or any other member of the public who is lawfully on the Property. The rights of Lessee in and to the Property Common Area shall at all times be subject to the rights of Lessor and the other tenants and subtenants of the Property to use the same in common with Lessee. Lessor shall not be responsible to Lessee for the violation or nonperformance by any other tenant or subtenant of the Property for failure to observe Lessee's right to use and enjoyment of the Property Common Area. Lessee shall keep the Property Common Area free and clear of any obstructions created or permitted by Lessee or resulting from Lessee's use of the Leased Premises.

11.3 Control by Lessor. Lessor shall operate, manage, equip, police, insure, light, repair, clean, and maintain the Property Common Area (if any). Lessor may temporarily close the Property Common Area, or any portion or portions thereof, for repairs, maintenance, or alterations as may be required, provided such closure shall not interfere with the conduct of Lessee's administrative office operations and shall, if reasonably possible, be undertaken during Lessee's non-business hours. Lessor shall deliver to Lessee no less than thirty (30) days' prior written notice of any temporary closure, except that no notice shall be required if a temporary closure is caused by or in response to an emergency. Lessor shall at all times have exclusive control of the Property Common Area (if any) and may at any time restrain any use thereof, except as otherwise provided by law or in this Lease and Option Agreement. Lessor may at any time remove any unauthorized person from the Property Common Area or prohibit the use thereof by unauthorized persons. If, in the opinion of Lessor, unauthorized persons are using any of the Property Common Area by reason of the Lessee's rental of the Leased Premises, Lessee upon demand of Lessor shall remove such unauthorized persons by appropriate proceedings. Nothing herein shall affect the rights of Lessor at any time to remove any such unauthorized persons from the Property Common Area or to restrain the use of any of the Property Common Area by unauthorized persons.

12. SIGNAGE, LIGHTING, AND ADVERTISING.

12.1 Compliance with laws. Lessee shall comply with any and all applicable federal, state, and local laws and regulations, including but not limited to the City municipal code and permitting requirements, prior to installing or causing to be installed any lighting fixtures, shades, awnings, and exterior decorations (including exterior painting), and any sign, lettering, placard or similar advertisement or marker of destination.

12.2 Lessee Right to Install Signs for Administrative Offices. Lessee shall have the right to install or cause to be installed a reasonable number of signs, letterings, placards, and similar markers of destination on the Leased Premises (and with Lessor permission on the Property Common Area) so long as said signs are installed for and accomplish the purpose of providing notice to the general public of the location of the District's administrative offices.

Lessee shall obtain Lessor's written approval of the design and material of said signs, which approval shall not be unreasonably withheld or delayed and shall be given so long as Lessee complies with City laws and regulations concerning approval of signs.

12.3 Lessor Approval for Additional Exterior Display Items. Lessee shall have the right, subject to obtaining Lessor's prior written approval which shall not be unreasonably denied, delayed, or conditioned, to (i) install or affix (or cause to be installed or affixed) to the exterior doors or windows of the Leased Premises lighting fixtures, shades, awnings, or exterior decorations (including exterior painting); and (ii) install or affix (or cause to be installed or affixed) to the exterior doors or windows of the Leased Premises or to the face of the building any sign, lettering, placards or the like that are not otherwise subject to the sign provisions set forth in Section 12.2 above.

12.4 Prohibited Activities. Lessee shall not, without Lessor's prior written approval which may be granted or denied in Lessor's sole and absolute discretion, do any of the following: (i) Cause or permit to be used any advertising materials or methods which are objectionable to Lessor or to any tenant, subtenant, user, or invitee to the Property, including without limitation, loudspeakers, mechanical or moving display devices, unusually bright or flashing lights, and similar devices, the effect of which may be seen or heard beyond the Leased Premises; (ii) Distribute or permit to be distributed any hand bills or other advertising matter in the Property Common Area or any parking area that may be part of the Leased Premises, unless the prohibition against distribution is expressly prohibited by law; (iii) Use any sign or advertising that is not of professional quality; and (iv) Place or suffer to be placed on the Leased Premises or any Improvement thereon (including but not limited to the roof, parking area, and landscaped area that are part of the Leased Premises) any billboard or other off-site commercial advertisement of any kind.

12.5 Maintenance. Lessee shall at all times maintain its windows and signs in a neat, clean and orderly condition. If, as to any sign exposed to the parking areas, public streets, or Property Common Area, Lessee shall fail to do so after twenty-four (24) hours' written notice from Lessor, Lessor may repair, clean, or maintain such exterior sign and the cost thereof shall be payable by Lessee to Lessor promptly upon demand as additional 166th Street Property Rent.

13. INSURANCE AND INDEMNITY.

13.1 Lessee Required Insurance. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee shall procure and maintain in form and content satisfactory to Lessor the following insurance:

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements;

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and

completed operations. Lessor shall have the right at any time during the 166th/Moore Streets Properties Lease Term, not more frequently than once every three (3) years, to deliver written notice to Lessee requiring Lessee to increase the amount of such insurance policy(ies) so long as the required percentage increase in the coverage amount does not exceed the percentage increase in the Consumer Price Index published by the United States Department of Labor (All Items) for the smallest geographic area within which the Leased Premises are located or are most proximate between the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and the date of Lessor's notice, and in such event Lessee shall procure the increased amount of insurance and provide proof of same to Lessor within thirty (30) days.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

(d) "All Risk" property insurance covering one hundred percent (100%) of the replacement cost of all Improvements (including but not limited to the building and structures) on the Leased Premises in the event of fire, lightening, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" property policies in the area where the Leased Premises are located (including loss by flood if the Leased Premises are in an area designated as subject to danger of flood).

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the City and Agency and respective officers, officials, members, directors, employees, representatives, agents and volunteers, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City and Agency and respective officers, officials, members, directors, employees, representatives, agents and volunteers, City and Agency respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to City and Agency. In the event that any of the insurance policies required in this Section are canceled, Lessee shall obtain replacement insurance and shall deliver new evidence of said replacement insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon Lessor's written request, Lessee shall deliver to Lessor any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Lessee may satisfy the insurance required through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period) from and after the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement. In the event that Lessee has a self-insurance program or policy, Lessee shall deliver to Lessor no later than ten (10) days after the commencement of the 166th/Moore Streets Properties Lease Term evidence satisfactory to Lessor that said self-insurance is sufficiently

funded to meet the minimum insurance requirements set forth herein. If Lessor reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Lessee shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

13.2 Lessor Insurance. In the event that, during all or any part of the 166th/Moore Streets Properties Lease Term, any portion of the Property Common Area is located in the building on the Property, Lessor shall maintain a policy or policies of property damage insurance for the Property building. Lessor shall only be responsible for maintaining insurance that covers physical damage to the building, and for no other purpose. The coverage amount for said insurance shall be not less than the full replacement cost of the Property building. Lessor shall also have the right, but not the obligation, to procure and maintain an insurance policy or policies covering other perils which may pose a potential material loss to the Property. The proceeds of such policy or policies procured and maintained pursuant to this Section shall be payable to Lessor.

13.3 No Activity to Increase Insurance Costs. Lessee shall not carry any stock or goods or do anything in, on, or about the Leased Premises at any time during the 166th/Moore Streets Lease Term which will in any way tend to increase the insurance rates or the risks against which Lessor maintains an insurance policy for the Property building. Lessee shall pay to Lessor forthwith upon demand the amount of any increase in premiums for insurance carried by Lessor for the Property building resulting from Lessee's acts or omissions, whether or not Lessor shall have consented to such acts or omissions on the part of Lessee.

13.4 Waiver of Subrogation. Lessor and Lessee each hereby waive, to the maximum extent permitted by law and any policies issued by their respective insurance companies, any and all rights of recovery against the other, or against the employees, agents, and representatives of the other, for loss of or damage to such waiving Party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Upon obtaining such insurance, Lessor and Lessee shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease and Option Agreement. Lessee shall obtain and furnish evidence to Lessor of the waiver of subrogation in favor of Lessor from all insurance carriers furnishing insurance hereunder.

13.5 Indemnity. In addition to any other indemnity provided for in this Lease and Option Agreement, during the entire 166th/Moore Streets Properties Lease Term:

(a) Lessor shall defend, indemnify, and hold harmless Lessee, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Lessor or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of the 166th/Moore Streets Properties Lease Term and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Lessee.

(b) Lessee shall defend, indemnify, and hold harmless Lessor, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Lessee or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of the 166th/Moore Streets Properties Lease Term and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Lessor.

(c) Any and all indemnity as provided in this Lease and Option Agreement shall survive the expiration or termination of the 166th/Moore Streets Properties Lease Term and/or termination of this Agreement. For any and all duties to defend as provided in this Lease and Option Agreement, Lessor shall so defend Lessee with counsel of Lessee's choosing, and Lessee shall so defend Lessor with counsel of Lessor's choosing.

14. DAMAGE OR DESTRUCTION TO LEASED PREMISES.

14.1 Damage or Destruction Prior to Lessee Having Right to Use and Occupy Leased Premises. If any existing Improvements on the Property are damaged or destroyed prior to the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement, and Lessee is not otherwise in default of this Lease and Option Agreement or the AH/F/DDA or otherwise responsible for said damage or destruction, Lessor shall, at its sole cost and expense, restore such Improvements to substantially the same condition immediately prior to the damage or destruction if the cost of restoration will be covered in total by Lessor's insurance (or self-insurance program). In all other circumstances causing any damage or destruction to the existing Improvements on the Property prior to the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement, Lessor may in its reasonable discretion refrain from restoring the Improvements and suspend Lessor's obligation to complete the Public Improvements (as defined in the AH/F/DDA) on the Property. For purposes of this Section, the Parties agree that Lessor will be acting within reasonable discretion if Lessor decides not to restore the Improvements because the costs incurred by City and/or Agency to accomplish such restoration would increase the total costs of the Public Improvements (as specified in the AH/F/DDA) by one-half of one percent (1/2 of 1%) or more. In the event that Lessor decides not to restore the damaged or destroyed Improvements on the Property as authorized herein, Lessor and Lessee no later than sixty (60) days after said decision by Lessor shall meet and confer in good faith to attempt to establish a plan that would accomplish the relocation of the District's administrative offices and kitchen/warehouse facilities to an alternative site(s) so that the Norwalk Boulevard Property may be used for the Senior Affordable Residential Complex, Senior Center, and Park (as contemplated in the AH/F/DDA) in a manner that does not increase the costs and expenses for all of the actions contemplated in the AH/F/DDA by more than one-half of one percent (1/2 of 1%) of the total amounts to be expended by the Parties for the duration of the "Term of Agreement" as defined in Section 1.4 of the AH/F/DDA. In the event that Lessor and Lessee cannot establish a plan to accomplish all of the actions contemplated by the AH/F/DDA within the cost limitations set forth in this Section, either Party shall have the right to terminate this Lease and Option Agreement. In the event that Lessor terminates this Lease and Option Agreement as provided in this Section, Lessee shall have the right to terminate the Ground Lease (as provided herein and therein) and the

AH/F/DDA if Lessee demonstrates with specific evidence that Lessee's administrative offices and kitchen/warehouse must remain on the Norwalk Boulevard Property because no alternative site(s) is available.

14.2 Damage or Destruction After Lessee Has Taken Occupancy. Provided Lessor is not in default of this Lease and Option Agreement or the AH/F/DDA, if the Leased Premises or any portion thereof is damaged or destroyed between the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and the expiration of the 166th/Moore Streets Properties Lease Term, and (a) the cost of restoration is Five Hundred Thousand Dollars ($500,000.00) or less, or (b) the cost of restoration is more than Five Hundred Thousand Dollars ($500,000.00) and the amount of insurance maintained by Lessee (together with the amount of any deductible or self-insured retention) is adequate to pay the full cost of restoration, then Lessee shall at its sole cost and expense restore the damaged or destroyed Leased Premises or portion thereof to substantially the same condition (subject to then applicable federal, state, and local laws and regulations) immediately prior to such damage or destruction. If the cost of such restoration is more than Five Hundred Thousand Dollars ($500,000.00) and such damage or destruction is not covered by the insurance maintained by Lessee (which determination of coverage shall include the cost of any deductible or self-insured retention amount), then Lessee may, within ninety (90) days following the date of such damage or destruction, elect to: (i) at its sole cost and expense, restore the Leased Premises to substantially the same condition it was in immediately prior to such damage or destruction (subject to then applicable federal, state, or local laws and regulations); or (ii) terminate this Lease and Option Agreement for the remainder of the 166th/Moore Streets Properties Lease Term. In the event that Lessee elects to terminate as provided in clause (ii) above, Lessor and Lessee no later than sixty (60) days after said decision by Lessor shall meet and confer in good faith to attempt to establish a plan that would accomplish the relocation of the District's administrative offices and kitchen/warehouse facilities to an alternative site(s) so that the Norwalk Boulevard Property may be used for the Senior Affordable Residential Complex, Senior Center, and Park (as contemplated in the AH/F/DDA) in a manner that does not increase the costs and expenses for all of the actions contemplated in the AH/F/DDA by more than one-half of one percent (1/2 of 1%) of the total amounts to be expended by the Parties for the duration of the "Term of Agreement" as defined in Section 1.4 of the AH/F/DDA. In the event that Lessor and Lessee cannot establish a plan to accomplish all of the actions contemplated by the AH/F/DDA within the cost limitations set forth in this Section, either Party shall have the right to terminate this Lease and Option Agreement. In the event that Lessee terminates this Lease and Option Agreement as provided in this Section, then (i) Lessee shall demolish and remove all damaged or destroyed Improvements and Lessee FF&E from the Property that has suffered the damage or destruction; and (ii) Lessor shall have no obligation to assist, pay for, or reimburse Lessee for any costs or expenses incurred in connection with any finding, relocation, or provision of an alternative site(s) for the District's administrative offices and kitchen/warehouse facilities. Lessee's obligations to restore the Property as provided in this Section shall survive any termination of the 166th/Moore Streets Properties Lease Term.

14.3 Procedure for Terminating Lease Term; Right to Restore Leased Premises; No Lessor Obligation. In the event that Lessee elects to terminate this Lease and Option Agreement as provided in clause (ii) of Section 14.2 above, and Lessee elects not to exercise the Option pursuant to this Agreement, the following shall apply:

(a) No later than thirty (30) days prior to the date upon which Lessee intends to terminate this Lease and Option Agreement, Lessee shall deliver to Lessor written notice of Lessee's intent to terminate prior to the expiration of the 166th/Moore Streets Properties Lease Term. If, within said thirty (30) day period, Lessor in its sole and absolute discretion delivers to Lessee written notice of Lessor's election to restore or cause the restoration of the damaged or destroyed Leased Premises or portion thereof, this Agreement shall not terminate. Lessor shall thereafter, at its sole cost and expense (which may include any available insurance or self-insurance proceeds that cover the risk suffered by the damaged or destroyed Leased Premises), provide the funds necessary to restore the damaged or destroyed Leased Premises or portion thereof.

(b) Nothing in this Lease and Option Agreement shall obligate or be interpreted as obligating Lessor to pay for the restoration of the damaged or destroyed Leased Premises or any portion thereof. In the event that Lessor elects not to pay for the restoration of the damaged or destroyed Leased Premises or portion thereof, and this Lease and Option Agreement terminates, Lessor shall have no obligation to assist Lessee or pay for any costs incurred by Lessee for any temporary or permanent replacement site for Lessee's operations that were conducted in the Leased Premises prior to the damage or destruction.

14.4 Rent Abatement. In the event that the Leased Premises (or portion thereof) are rendered unusable for a period of two (2) months or more from the date of the damage or destruction, and this Lease and Option Agreement has not been terminated, Lessee shall have the right to a rental abatement for the duration of the period for which the Leased Premises (or portion thereof) are unusable. In such an event, the 166th Street Property Rent shall be reduced by the percentage of the total usable square footage of the Leased Premises rendered unusable.

14.5 Commencement and Completion of Restoration. Restoration of the damaged or destroyed Leased Premises as required or permitted in this Article shall commence no later than ninety (90) days after the later of: (i) the event that caused the damage or destruction; or (ii) the date such insurance proceeds are made available for said restoration. Upon commencement of the restoration, work shall be diligently pursued to completion.

15. EMINENT DOMAIN.

15.1 Rights Covered during Lease Term**.** In the event of any "Taking" (as herein defined) of the Leased Premises or portion thereof during the 166th/Moore Streets Propety Lease Term, the rights of Lessor and Lessee shall be governed by this Article 15. In the event that Lessee exercises the Option and the 166th/Moore Streets Properties Escrow has closed, the provisions in this Article shall not govern, and Lessee shall have any and all rights available to it as owner in fee of the Property should any condemnation proceedings commence thereon.

15.2 Notice. Lessor and Lessee shall promptly give written notice to the other upon learning that any person or entity has commenced condemnation proceedings with respect to the Leased Premises or portion thereof or interest therein, or has threatened to commence such proceedings.

15.3 Partial Taking. In the event of a Partial Taking of the Leased Premises, this Lease and Option Agreement shall remain in force and effect as to the portion of the Leased Premises not taken, except that the 166th Street Property Rent otherwise payable hereunder shall be reduced in an amount to be agreed upon between Lessor and Lessee or, in the absence of such agreement, by judicial determination by a court authorized to resolve disputes as provided in this Agreement. In the event of a Partial Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Leased Premises taken; (ii) Second, to Lessee in an amount necessary to restore, repair and reconfigure any portion of the Leased Premises affected by the Partial Taking, and/or to compensate Lessee for any costs attributable to the relocation and/or acquisition of replacement property for the Leased Premises, and/or to compensate Lessee for the loss of revenue (if any) anticipated to be produced for the balance of the 166th/Moore Street Property Lease Term as a result of the Partial Taking; and (iii) Third, to Lessor in an amount to compensate Lessor for the loss of future 166th Street Property Rent from Lessee as a result of the Partial Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid 166th Street Property Rent, multiplied by a percentage that equals the percentage of usable square feet of the Partial Taking area compared to the usable square feet of the entire Leased Premises prior to the Partial Taking, multiplied by the number of years remaining (and prorated portion thereof) for the 166th/Moore Streets Properties Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Lessee.

15.4 Total Taking. In the event of a Total Taking of the Leased Premises, this Lease and Option Agreement shall terminate with respect to the taken property as of the date of the Taking; provided, however, that such termination shall not preclude Lessee from making all claims against the condemning authority as though the Agreement for the taken Leased Premises had not been terminated. In the event of a Total Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Leased Premises taken; (ii) Second, to Lessee in an amount necessary to compensate Lessee for any costs attributable to the relocation and/or acquisition of replacement property for the Leased Premises, and/or to compensate Lessee for the loss of revenue (if any) anticipated to be produced for the balance of the 166th/Moore Streets Properties Lease Term as a result of the Taking; and (iii) Third, to Lessor in an amount to compensate Lessor for the loss of future 166th Street Property Rent from Lessee as a result of the Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid 166th Street Property Rent, multiplied by a percentage that equals the percentage of usable square feet of the Partial Taking area compared to the usable square feet of the entire Leased Premises prior to the Partial Taking, multiplied by the number of years remaining (and prorated portion thereof) for the 166th/Moore Streets Properties Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Lessee.

16. ENVIRONMENTAL.

16.1 No Use of Hazardous Materials on the Leased Premises**.** For the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall not treat, use, store, dispose, release, handle or otherwise manage Hazardous Materials on the Leased Premises and Property (or portion thereof), and shall not allow or permit the treatment, use, storage, disposal, release, handling, or other management of Hazardous Materials on the Leased Premises and Property (or

portion thereof), except in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws, including all Environmental Laws. Lessee's violation of the foregoing prohibition shall constitute a breach hereunder. Except for Hazardous Materials first brought onto the Leased Premises or Property by Lessee after the commencement of the 166th/Moore Streets Properties Lease Term, in violation of Environmental Laws, neither the presence of Hazardous Materials on the Leased Premises as of the commencement of the 166th/Moore Streets Properties Lease Term nor the presence of Hazardous Materials on the Leased Premises after the commencement of the 166th/Moore Streets Properties Lease Term shall constitute a breach by Lessee of any representation, warranty and covenant contained herein or in the AH/F/DDA, and to the extent the presence of such Hazardous Materials requires remediation, the costs of such remediation shall be borne by Lessor, rather than Lessee.

16.2 Notice and Remediation by Tenant**.** Lessee shall promptly give the Lessor, and Lessor shall give the Lessee, written notice of any notices, demands, claims or orders received by Lessee from any governmental agency pertaining to Hazardous Materials which may affect the Leased Premises or Property.

16.3 Indemnity by Lessee. In addition to any other indemnity provided in this Lease and Option Agreement or the AH/F/DDA, Lessee hereby agrees to and shall indemnify, hold harmless, and defend (with counsel of Lessor's choosing) Lessor and its officers, officials, employees, and agents from and against all liability, loss, damage, costs, penalties, fines, or expenses (including attorney's fees and court costs) arising out of or in any way connected with (i) Lessee's breach or violation of any covenant, prohibition, or warranty concerning Hazardous Materials on the Leased Premises or Property, or (ii) the release, storage, or transfer, or threatened release, storage, or transfer, of any Hazardous Materials in, on, under, from, or about the Leased Premises or Property, whether such condition, liability, loss, damage, cost, penalty, fine or expense shall accrue or be discovered during the 166th/Moore Streets Properties Lease Term or after the termination of this Lease and Option Agreement. The indemnification provided in this Section shall survive the termination of this Agreement.

17. ASSIGNMENT AND SUBLETTING.

17.1 Transfer and Assignment by Lessee**.** Lessee shall not: (i) transfer or assign all or any part of this Lease and Option Agreement without the prior written consent of Lessor; and (ii) make a total or partial transfer or assignment of all or any portion of Lessee's right, title, and interest in the Leased Premises without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. As used in this Agreement, "transfer or assign" includes subleasing and subletting.

17.2 Successor Assumption of Obligations. In the event that Lessee seeks to transfer or assign this Lease and Option Agreement or Lessee's leasehold interest in the Leased Premises (or any portion thereof), Lessee shall deliver to Lessor written notice requesting approval of the transfer or assignment. No transfer or assignment of this Lease and Option Agreement or Lessee's leasehold interest in the Leased Premises shall be effective unless and until the proposed transferee or assignee and Lessee execute and deliver to Lessor an agreement (in a form acceptable to Lessor and Lessor's legal counsel) assuming the obligations of the

assignor/transferor which have been assigned or transferred. Lessee shall be released from any further liability under this Lease and Option Agreement as of the effective date of any such approved agreement.

17.3 Exercise of Option. In the event that Lessee exercises the Option pursuant to this Lease and Option Agreement, the prohibitions on transfers and assignments set forth in this Lease and Option Agreement shall cease and no longer be in force on and after the 166th/Moore Streets Properties Escrow Closing Date.

18. OPTION TO PURCHASE PROPERTY.

18.1 Grant of Option. Optionor grants to Optionee an option to purchase the Property pursuant to the terms and conditions set forth in this Lease and Option Agreement (the "Option").

18.2 Option Term. The term of the Option shall commence on the Relocation Completion Date and shall expire at 5:00 p.m. (Pacific Standard Time) on the date that is five (5) years after the Certificate of Occupancy Seventy Percent Date (the "Option Term").

18.3 Consideration for Option. Optionee shall pay as consideration for the Option One Dollar ($1.00) per year (the "Option Consideration") for the length of the Option Term, which amount shall be due and payable on January 1 for the current year of the Option Term. Optionee shall have the right to pre-pay Optionor the total amount of consideration that will be due and payable by the end of the Option Term.

18.4 Option Conditions. In the event that this Lease and Option Agreement is not sooner terminated, Optionor's obligation to proceed with the sale of the Property shall be conditioned upon the satisfaction or written waiver by Optionor in its sole and absolute discretion of each an every one of the conditions (a) through (d) below, inclusive (collectively, the "Option Conditions"), which are solely for the benefit of Optioner, and Optionee shall perform each and every Option Condition within the time period(s) stated herein:

(a) Purchase and Sale Agreement. Concurrently with the Notice of Exercise of Option, Optionee shall delivered to Optioner's designated legal counsel two (2) executed originals of Purchase and Sale Agreement (166th Street Property) in a form that substantially conforms to that of Attachment "3" to this Lease and Option Agreement.

(b) Payment of Rent and Option Consideration. Optionee shall have timely paid all Option Consideration to Optionor at the time of exercising the Option in accordance with this Article, and Optionee shall have paid or is ready and able to pay by the 166th/Moore Streets Properties Escrow Closing Date all remaining 166th Street Property Rent owing to Optionor.

(c) Satisfaction of Option Conditions for Adjacent Property. Optionee shall have satisfied all of the Option Conditions set forth in the Moore Street Property Lease and Option Agreement concurrently with the Option Conditions in this Lease and Option Agreement, it being expressly understood and agreed by

the parties that Optionee shall not have the right to exercise the Option in this Lease and Option Agreement without concurrently exercising the Option in the Moore Street Property Lease and Option Agreement, and vice versa.

(d) No Default. Optionee is not in default beyond any applicable notice and cure periods of any of its material obligations as set forth in this Agreement or the AH/F/DDA.

18.5 Exercise of Option. Provided Optionee is not in default beyond any applicable notice and cure periods of this Lease and Option Agreement and the AH/F/DDA and provided Optionee has paid the Option Consideration then due Optionor, the Option may be exercised by Optionee by delivering to Optionor no later than the expiration of the Option Term a written notice of Optionee's election to exercise the Option (the "Notice of Exercise of Option"). The Notice of Exercise of Option shall specify whether Optionee will be paying for the 166th Street Property Purchase Price by cash, cashiers check, or wire transfer, or if Optionee will seek financing for the purchase of the Property through a City-or Agency-financed purchase-money loan. A copy of the Notice of Exercise of Option shall concurrently be delivered to Optionor's legal counsel along with the documents required to be executed and delivered pursuant to the Option Conditions.

18.6 Concurrent Purchase of the Property and Adjacent Property. The purchase and sale of the Property and Adjacent Property shall be accomplished pursuant to the terms and conditions of the 166th/Moore Streets Properties Purchase and Sale Agreements. Optionee expressly acknowledges and agrees that it shall not have the right to purchase the Property, and Optionor shall have no obligation to transfer title to the Property, unless Optionee concurrently exercises the option to purchase the Adjacent Property and agrees to concurrently purchase the Adjacent Property as provided in the Moore Street Property Lease and Option Agreement and Moore Street Property Purchase and Sale Agreement.

18.7 Purchase Price. The purchase price for the Property (the "166th Street Property Purchase Price") shall be one-half (1/2), rounded up to the nearest penny (1/100th of a dollar), of the 166th/Moore Streets Properties Purchase Price. The 166th/Moore Streets Properties Purchase Price shall be determined as follows:

(a) No Commencement of Obligation to Pay Rent. If at the time Optionee delivers to Optionor the Notice of Exercise of Option the 166th/Moore Streets Properties Rent Payment Term has not commenced, then the 166th/Moore Streets Properties Purchase Price shall be Fourteen Million Five Hundred Thousand Dollars ($14,500,000.00).

(b) Commencement of Obligation to Pay Rent. If at the time Optionee delivers to Optionor the Notice of Exercise of Option the 166th/Moore Streets Properties Rent Payment Term has commenced, and the Option Term has not expired, then the 166th/Moore Streets Properties Purchase Price shall be the "Purchase Price" set forth in the 166th/Moore Streets Properties Purchase Price Schedule that corresponds to the 166th/Moore Streets Properties Rent Payment Date as of the date of delivery of the Notice of Exercise of Option. In explanation

of the foregoing, if on the date of delivery of the Notice of Exercise of Option, the tenth (10th) 166th/Moore Streets Properties Rent Payment Date has occurred but the eleventh (11th) 166th/Moore Streets Properties Rent Payment Date has not occurred, then the 166th/Moore Streets Properties Purchase Price shall be Fourteen Million Three Hundred Twenty-Two Thousand Four Hundred Seventy-One Dollars and Ninety-Nine Cents ($14,322,471.99). Optionee expressly acknowledges and agrees that the amounts set forth in the 166th/Moore Streets Properties Purchase Price Schedule take into account the maximum possible length for the Option Term (i.e., five (5) years or sixty (60) months from the Certificate of Occupancy Seventy Percent Date), and Optionee expressly acknowledges and agrees that it shall not have the right to purchase the Property for any amount set forth in the 166th/Moore Streets Properties Purchase Price Schedule or otherwise after the expiration of the Option Term.

(c) Rent Payment Obligation; Reduction in Purchase Price. Optionee's obligation to pay 166th Street Property Rent to Optionor shall continue in accordance with this Lease and Option Agreement until the 166th/Moore Streets Properties Escrow Closing Date. Optionee shall be entitled to a refund from Optionor (which may be accomplished by a reduction in the amount of the 166th/Moore Street Property Purchase Price) for any 166th/Moore Streets Properties Rent paid and delivered to Optionor for a period after the 166th/Moore Streets Properties Escrow Closing Date.

(d) Insertion of Purchase Price. The 166th/Moore Streets Properties Purchase Price and purchase price for the Property shall be inserted into the 166th/Moore Streets Properties Purchase and Sale Agreements.

18.8 Purchase-Money Financing; Documents and Escrow Instructions. In the event that Optionee seeks to pay for all or any portion of the 166th/Moore Streets Properties Purchase Price through a City- or Agency-financed purchase-money loan, Optionee shall execute and deliver to Optionor a promissory note in a form approved by the Optionor's designated legal counsel that evidences the repayment obligation for any such loan, and the promissory note shall be secured by a deed of trust with assignment of rents recorded against the Property for the benefit of Optionor (or Agency if Agency provides the funds for the purchase-money loan) in a form approved by Optionor's designated legal counsel. Optionor shall provide to the 166th/Moore Streets Properties Escrow the necessary instructions to effectuate the delivery of the executed promissory note and deed of trust to Optionor, and to accomplish the recording of the deed of trust against the Property. Additionally, in the event that District seeks the authority to lease or sublease all or any portion of the 166th/Moore Streets Properties after the 166th/Moore Streets Properties Escrow Closing Date and District will pay for all or any portion of the 166th/Moore Streets Properties Purchase Price through a City- or Agency-financed purchase-money loan, Agency shall have the right to require District and any proposed tenant or subtenant to enter into a recordable subordination, non-disturbance, and attornment agreement in a form approved by the City Attorney and Agency legal counsel, and said agreement shall be recorded with the Recorder's Office against the Property and be binding and effective on the Property until District has repaid in full to City or Agency (as applicable) the City- or Agency-financed purchase money loan.

18.9 Additional Documents. Optionee shall cooperate with Optionor and shall provide any additional documents as may be required by the 166th/Moore Streets Properties Escrow or Optionor to effectuate the Option and close of escrow for the 166th/Moore Streets Properties.

18.10 Representations and Warranties of Optionor. Optionor represents and warrants that it is the owner in fee of the Property and has marketable and insurable fee simple title to the Property, subject to the reservation of all other easements, encumbrances, covenants, and other matters of record or apparent by a physical inspection of the Property.

18.11 Quitclaim Deed. In the event that this Lease and Option Agreement is terminated for any reason, Optionee shall upon written request of Optionor execute, acknowledge, and deliver to Optionor within thirty (30) days after termination or Optionor's request, whichever date is later, a quitclaim deed or other recordable instrument in a form approved by Optionor's legal counsel that removes the cloud of the lease and Option from title to the Property. Optionee shall execute, acknowledge, and deliver to any title company any similar document or recordable instrument as may be requested by said title company.

18.12 No Transfer or Assignment of the Option. In amplification of the prohibition of transfers and assignments by Optionee as provided in this Lease and Option Agreement, Optionee shall not transfer or assign the Option and the rights hereunder without the prior written consent of Lessor, which may be granted or withheld in Lessor's sole and absolute discretion.

19. EVENTS OF DEFAULT; REMEDIES.

19.1 Default. Subject to any extensions of time permitted for Events of Force Majeure in accordance with this Lease and Option Agreement and the AH/F/DDA, the failure or delay by any party to timely perform any of its obligations under this Lease and Option Agreement constitutes a default of such party's obligations hereunder (each failure an "Event of Default"); provided, however, such party shall not be deemed to have committed an Event of Default if (i) the nonperforming party cures, corrects, or remedies such Event of Default within thirty (30) days after receipt of a written notice from the other party specifying such failure or delay, or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such nonperforming party commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, and thereafter diligently prosecutes such cure, correction, or remedy to completion. The periods set forth in this Section for curing, correcting, or remedying a failure to perform shall apply if no specific cure period is otherwise provided for in this Lease and Option Agreement for an obligation to be performed.

19.2 Notice of Failure to Perform Obligations. An injured Party shall give written notice of an Event of Default to the nonperforming Party, specifying the default complained of by the injured Party. Except as required to protect against further damages, the injured Party may not institute proceedings against the nonperforming Party until the time for cure, correction, or remedy of a default has expired. Any failure or delay by a Party in giving a notice of an Event of Default or in asserting any of its rights and remedies as to any Event of

Default shall not constitute a waiver of any Event of Default, nor shall it change the time of an Event of Default, nor shall it deprive 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.

19.3 Institution of Legal Actions. Subject to the restrictions on rights and remedies set forth in this Lease and Option Agreement, any Party may institute legal action to cure, correct, or remedy any Event of Default, to recover damages for any Event of Default, or to obtain any other remedy not specifically prohibited by this Lease and Option Agreement and consistent with the purposes of this Lease and Option Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the United States District Court for the Central District of California.

19.4 Rights and Remedies Are Cumulative. Except as otherwise expressly provided in this Lease and Option Agreement, the rights and remedies of the Parties are cumulative, and the exercise by any 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 another Party.

19.5 Inaction Not a Waiver of Default. Any failures or delays by a 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 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.

19.6 Litigation/Arbitration Expenses. If a Party to this Lease and Option Agreement is required to initiate or defend any litigation or arbitration proceeding in any way connected with this Lease and Option Agreement, the prevailing Party in such proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation or arbitration expenses. If a Party to this Lease and Option Agreement is required to initiate or defend any litigation or arbitration proceeding with a third party because of the violation of any term or provision of this Lease and Option Agreement by the other Party to this Lease and Option Agreement, then the Party so required to participate in said proceeding shall be similarly entitled to recover its reasonable litigation or arbitration expenses from said other Party. Litigation and arbitration expenses shall include attorney's fees, including attorney's fees on any appeal, and all other reasonable costs for investigating such proceeding, retaining expert witnesses, taking depositions and conducting discovery, and all other necessary costs incurred with respect to such litigation or arbitration.

19.7 Remedies Available To Lessor. If an Event of Default shall occur and continue as aforesaid, then in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the immediate right to terminate this Lease and Option Agreement, terminate Lessee's right to possession of the Leased Premises by any lawful means, and bring suit against Lessee and recover as an award in such suit the following:

(a) the worth at the time of award of the unpaid rent and all other sums due hereunder which had been earned at the time of termination;

(b) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;

(c) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder for the balance of the 166th/Moore Streets Properties Rent Payment Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided;

(d) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee failure to perform its obligations under this Lease and Option Agreement or which in the ordinary course of things could be likely to result therefrom; and

(e) such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

The "worth at the time of the award" of the amounts referred to in subparagraphs (a) and (b) above shall be computed by allowing interest at the maximum non-usurious amount allowable under law as of the date of the award. The "worth at the time of award" of the amount referred to in subparagraph (c) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

In addition to the remedies specified above in this Section, for an Event of Default committed by Lessee, Lessor shall have the right, without declaring this Lease and Option Agreement (and the remaining 166th/Moore Streets Properties Lease Term) terminated, to reenter the Leased Premises and occupy the whole or any part thereof for and on account of Lessee, and to collect 166th Street Property Rent and any other charges that may thereafter become due and payable pursuant to this Lease and Option Agreement. Lessor shall have the right to pursue the remedy described in California Civil Code Section 1951.4, whereby Lessor may continue the leasehold interest and Lessee may continue to possess the Leased Premises after an Event of Default by Lessee or abandonment of the Leased Premises, and Lessor may recover 166th Street Property Rent as it becomes due; provided that if Lessor elects to pursue the remedy under Civil Code Section 1951.4, Lessee may, notwithstanding the restrictions in Article 17 of this Lease and Option Agreement, sublet or assign its interest in the Leased Premises subject to reasonable conditions as may be required by Lessor. In no event shall Lessee have the right to assign its interest in the Option if Lessor elects to pursue the remedy under Civil Code Section 1951.4.

19.8 Exercise of Option. In the event that Lessee exercises the Option pursuant to this Lease and Option Agreement, the rights and remedies set forth in this Article shall cease and no longer be in force on and after the 166th/Moore Streets Properties Escrow Closing Date.

20. GENERAL PROVISIONS.

20.1 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To City:	City of Cerritos 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: City Manager Fax: (562) 916-1371
With a copy to:	Brown, Winfield & Conzoneri, Inc. 300 S. Grand Avenue, 15th Floor Los Angeles, CA 90071 Attn: Mark W. Steres, Esq. Fax: (213) 687-1733
and copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission

shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

20.2 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to District in the event of any default by Agency or City or for any amount which may become due to District or on any obligations under the terms of this Agreement. No member, official, employee, or contractor of District shall be personally liable to Agency or City in the event of any default by District or for any amount which may become due to Agency or City, or on any obligations under the terms of this Agreement.

20.3 Force Majeure; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth this Section, performance by any Party hereunder shall not be deemed to be in default and such Party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of another Party; acts or the failure to act of Agency, City, District, or any other public or governmental agency or entity (except that any act or failure to act of or by City or District shall not excuse performance by City or District required by this Agreement). An extension of time for any cause permitted under this Section shall be limited to the period of the enforced delay, which period 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 Parties within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other Parties. Times of performance under this Agreement may be extended by mutual written agreement of all of the Parties. The City Manager of City and Superintendent of District (or their respective designees) shall have the authority on behalf of City and District respectively to approve extensions of time.

20.4 Inspection of Books and Records. City shall have the right at all reasonable times to inspect the books and records of District pertaining to the Leased Premises as pertinent to the purposes of this Agreement.

20.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement shall be interpreted in accordance with the internal laws of the State of California without regard to conflict of law principles.

20.6 Entire Agreement, Waivers and Amendments. This Agreement and the AH/F/DDA integrate all of the terms and conditions mentioned herein, or incidental hereto, and

supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Parties.

20.7 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

20.8 Third Party Beneficiaries. Except as set forth in the next sentence, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than Lessor and Lessee, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Agreement. Agency is an express third party beneficiary of this Agreement and shall have the right but not the obligation to enforce the provisions hereof.

20.9 Time of the Essence. Time is of the essence in the performance of this Agreement.

20.10 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

20.11 Attachments. This Agreement contains the following attachments, each made a part hereof and incorporated by this reference:

Attachment “1”	Legal Description of Property
Attachment “2”	Depiction/Description of Leased Premises
Attachment “3”	Purchase and Sale Agreement for Property (with attachments thereto)
Attachment “4”	166th/Moore Streets Properties Purchase Price Schedule

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

"LESSOR"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
City Clerk

"LESSEE"

ABC UNIFIED SCHOOL DISTRICT, a California unified school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO LEASE AND OPTION AGREEMENT
(166th Street Property)

LEGAL DESCRIPTION OF THE PROPERTY

[Attached]

ATTACHMENT "2" TO LEASE AND OPTION AGREEMENT
(166th Street Property)

DEPICTION/DESCRIPTION OF LEASED PREMISES

[Attached]

ATTACHMENT "3" TO LEASE AND OPTION AGREEMENT
(166th Street Property)

PURCHASE AND SALE AGREEMENT FOR PROPERTY

(AND SUB-ATTACHMENTS)

[Attached]

AGREEMENT FOR PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS
(166th Street Property)

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS (hereinafter referred to as the "Purchase and Sale Agreement," "166th Street Property Purchase and Sale Agreement," and "Purchase and Sale Agreement (166th Street Property)) is entered into this _____ day of _____, ____ ("Purchase and Sale Effective Date") by and between the ABC UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California ("Buyer" and "District"), and the CITY OF CERRITOS, a California municipal corporation ("Seller" and "City"). District and City are sometimes hereinafter referred to individually as a "Party" or "party" and collectively as the "Parties" or "parties."

R E C I T A L S

A. On or about _____, _____, City, District, the CERRITOS REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos to facilitate the provision of affordable housing for senior citizens within the City, and to facilitate the relocation of District's administrative offices and provision of renovated administrative, warehouse, and school kitchen facilities. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. City is the owner in fee of that certain real property and improvements and amenities thereon located at 12881 One Hundred Sixty-Sixth Street in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Sub-Attachment "3-A" and incorporated herein by this reference (the "Property" or "166th Street Property"). The Property is currently improved with an office building comprised of approximately 44,500 square feet of usable office space, parking, and related commercial office amenities.

C. City is also owner in fee of that certain real property and improvements and amenities thereon located adjacent to the Property at the address of 12880 Moore Street in the City of Cerritos, County of Los Angeles, State of California (the "Adjacent Property" or "Moore Street Property"). The Adjacent Property is currently improved with a warehouse comprised of approximately 35,500 square feet of warehouse space, a central kitchen facility, parking, and related warehouse and food service improvements and amenities. The 166th Street Property and Moore Street Property are collectively referred to herein as the "166th/Moore Streets Properties."

D. Pursuant to the AH/F/DDA, Agency was to enter into a long-term ground lease with District, which was then to be assigned to Corporation, so that Corporation could develop,

own, and manage or cause to be managed a senior affordable housing development, senior center, park, and related facilities on certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California (the "Norwalk Boulevard Property"). As of the Effective Date of the AH/F/DDA, the Norwalk Boulevard Property served as the District's administrative offices and had an antiquated warehouse and unusable central kitchen facility. Because the senior affordable housing development, senior center, park, and appurtenant improvements were to be located where the administrative offices and kitchen/warehouse facilities for the District were also located, the District's administrative offices and kitchen/warehouse facilities needed to be relocated.

E. In order to accommodate the necessary relocation of the District's administrative offices and kitchen/warehouse facility, City and District entered into that certain Lease and Option to Purchase Agreement (166th Street Property) dated _____, _____, and recorded as Instrument No. _____ in the official records for Los Angeles County, California (the "166th Street Property Lease and Option Agreement") and that certain Lease and Option to Purchase Agreement (Moore Street Property) dated _____, _____, and recorded as Instrument No. _____ in the official records for Los Angeles County, California (the "Moore Street Property Lease and Option Agreement"). The 166th Street Property Lease and Option Agreement and Moore Street Property Lease and Option Agreement are collectively referred to as the 166th/Moore Streets Properties Lease and Option Agreements.

F. Pursuant to the 166th/Moore Streets Properties Lease and Option Agreements, District leased the Property and Adjacent Property and had the option to purchase both the Property and Adjacent Property. Pursuant to the terms and conditions set forth in the 166th/Moore Streets Properties Lease and Option Agreements, District has duly exercised the options to purchase the Property and Adjacent Property. The Parties now wish to effectuate the purchase and sale the Property so as to further the intent and purpose of the AH/F/DDA.

G. Seller desires to sell to Buyer and Buyer desires to purchase from Seller, upon the terms and conditions set forth in this Agreement, the Property, together with all improvements located thereon, all easements, licenses, and interests appurtenant thereto, and all land entitlements, owned or held by Seller in connection therewith.

A G R E E M E N T

NOW THEREFORE, based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE 1. PURCHASE AND SALE OF PROPERTY.

1.1 Agreement to Purchase. Subject to all the terms, conditions, and provisions of this Purchase and Sale Agreement, and for the consideration herein set forth, Seller agree to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

1.2 Amount of Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property, with any all improvements thereon, is

_____ ($_____) (the "Purchase Price"). **[INSERT AMOUNT THAT IS ONE-HALF (1/2) OF 166th/Moore Streets Properties PURCHASE PRICE AS SET FORTH IN THE LEASE AND OPTION AGREEMENT]** The Purchase Price paid by Buyer to Seller is all-inclusive of Seller's interest in the Property and any rights or obligations which exist or may arise out of the acquisition of the Property, including without limitation Seller's fee interest in the land and any improvements located thereon, severance damages, relocation expenses, loss of business goodwill, costs, interest, attorney's fees, and any claim whatsoever of Seller which might arise out of or relate in any respect to the acquisition of the Property by Buyer.

1.3 Payment of Purchase Price. No later than 1:00 p.m. on the business day preceding the Closing Date, as defined in Section 3.2, or such earlier time as required by Escrow Holder in order to close Escrow on the Closing Date, Buyer shall deposit with Escrow Holder the Purchase Price.

1.4 Initial Deposit. Buyer shall place into escrow TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) as a good faith deposit ("Initial Deposit") upon the Opening of Escrow, as set forth in Section 3.1 below. The Initial Deposit shall be fully refundable if Buyer chooses to not purchase the Property for any reason whatsoever at anytime prior to the expiration of the ninety (90) day Due Diligence Period as defined below. In the event that Buyer chooses to not purchase the Property pursuant to the foregoing, Buyer shall so notify the Escrow Agent and the Seller, whereupon Escrow shall be canceled and the Initial Deposit shall be returned to Buyer.

1.4.1 Deposit Non-refundable. Upon Buyer's approval of the Property as set forth in Article 2, the Initial Deposit, including all interest accrued thereon, shall become nonrefundable and shall be applicable to the Purchase Price, subject to refund to Buyer if Seller subsequently defaults.

1.4.2 Retention of Cash. All cash received by Escrow Holder will be, until the Close of Escrow, kept on deposit in a federally insured state or national Bank.

1.4.3 Interest. Escrow Holder shall be required to hold any and all deposits in an interest-bearing account, with interest accruing for the benefit of the Buyer to be credited to the Purchase Price.

1.5 Deposit of Funds from Purchase Price. Pursuant to the terms and conditions of the AH/F/DDA, the funds received by Seller in the amount of the Purchase Price (less costs allocated to Seller pursuant to Section 3.7 of this Purchase and Sale Agreement) shall be deposited into the "Cuesta Villas Project Trust Fund" as defined in the AH/F/DDA. Seller shall deliver to Escrow Holder wire instructions and other necessary account information to ensure that the funds for the Purchase Price are disbursed to the Cuesta Villas Project Trust Fund.

ARTICLE 2. INSPECTIONS AND REVIEW.

2.1 Delivery of Due Diligence Materials. Within five (5) days of the Purchase and Sale Effective Date, Seller shall deliver to Buyer copies of all documents, reports, agreements, or other items in its possession or control relating to the Property, including without limitation the following (collectively, the "Due Diligence Materials"): (i) all licenses, leases, and permits

affecting or relating to the ownership, subdivision, possession or development of the Property or the construction of improvements thereon, and all amendments and modifications thereto; (ii) applications and correspondence or other written communications to or from any governmental entity, department or agency other than Buyer regarding any permit, approval, consent or authorization with respect to the development of the Property or the construction of improvements thereon; (iii) the most recent survey, if any, pertaining to the Property or any portion thereof; (iv) soils reports, engineering data, environmental reports, and other data or studies pertaining to the Property or any portion thereof that have not been previously delivered to Buyer or its consultants; and (v) if not previously delivered to Buyer or its consultants, any approved site plan and building elevations, building floor plans, applicable City Planning Commission Approval and Conditions of Approval, disclosures as may be required by law, and preliminary title report for the Property.

2.2 Inspections.

(d) Buyer and its representatives, agents, engineers, consultants, contractors, and designees shall have the right at Buyer's sole cost and expense to enter onto the Property from and after the date of this Purchase and Sale Agreement through and including the date which is thirty (30) days (or for such longer period as may be agreed to in writing by City and District) after the Purchase and Sale Effective Date (the "Due Diligence Period"), for purposes of examining, inspecting, and investigating the Property, including the site, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, hazardous materials or wastes, if any, and, at Buyer's sole and absolute discretion, determining whether the Property is acceptable to Buyer including to confirm availability and suitability of utilities to Property and to verify zoning and intended of the Property.

(e) Buyer shall be solely responsible for payment of any and all costs and expenses incurred in connection with any entry and inspection of the Property as authorized in this Section 2.2. Buyer shall provide to Seller no less than forty-eight (48) hours verbal notice (and Buyer to deliver to Seller written confirmation of such verbal notice) that Buyer will be conducting an inspection(s) as authorized herein, and Seller shall have the right but not the obligation to accompany any Buyer in the performance of any such inspection. In the event that Buyer intends to enter a portion of the Property for which Buyer does not already have a right of possession pursuant to the Lease and Option Agreement, Buyer shall provide to Seller along with Buyer's notice of inspection(s) a notice of the portion(s) of the Property to which Buyer intends to enter to conduct an inspection authorized herein. As a condition to any inspection or entry exercised pursuant to this Section 2.2, Buyer shall: (i) conduct all tests and studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous condition to occur on the Property; (ii) comply with all applicable laws and governmental regulations; and (iii) promptly repair any and all damage to the Property caused by Buyer or its representatives, agents, engineers, consultants, contractors, and designees, and return the Property to its original condition following any such inspection or entry. In addition to any other indemnification authorized pursuant to this

Purchase and Sale Agreement, Buyer shall indemnify, defend and hold harmless Seller and its respective officers, officials, members, employees, and agents from and against any and all loss, cost, liability or expense, including reasonable attorney's fees, arising from any inspection on the Property performed pursuant to this Section by Buyer or its representatives, agents, engineers, consultants, contractors, and designees, or from Buyer's failure to comply with the conditions to entry provided herein.

(f) Buyer shall procure and maintain, at all times during which Buyer performs or causes to perform any inspection or right of entry as authorized in this Section 2.2, the following policies of insurance:

(i) Workers' Compensation insurance that complies with all applicable state laws and requirements; and

(ii) Comprehensive General Liability insurance with limits not less than One Million Dollars ($1,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the City and Agency and their respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City and Agency and their respective officers, employees, and agents, and City's and Agency's respective insurers. All of the insurance policies required in this Section 2.2 shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to Seller. Upon Seller's written request, Buyer shall deliver to Seller any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section 2.2, Buyer may satisfy the insurance required above through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of any inspection or right of entry performed by Buyer or caused to be performed on behalf of Buyer. Upon Seller's written request, Buyer shall deliver to Seller evidence satisfactory to Seller that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If Seller reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Buyer shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

2.3 Disapproval/Termination. District shall notify Seller and Escrow Holder in writing ("District's Due Diligence Notice") on or before the expiration of the Due Diligence Period of District's approval or disapproval of the Due Diligence Materials, the condition of the Property and District's investigations with respect thereto. District's disapproval of any of said items shall constitute District's election to terminate this Purchase and Sale Agreement and cancel the Escrow. District's failure to deliver District's Due Diligence Notice on or before the expiration of the Due Diligence Period shall be conclusively deemed District's approval thereof, provided Seller provides District five (5) days written notice of said failure to deliver District's Due Diligence Notice and District fails to terminate Escrow within said five (5) day period.

2.4 Preliminary Title Report. Within five (5) days of the Purchase and Sale Effective Date, First American Title Company, or such other title company as may be mutually agreed upon by the Parties (the "Title Company") shall provide District with a preliminary title report for the Property, together with copies of all written instruments creating the exceptions specified therein, and plat maps plotting all easements specified therein (collectively, the "Title Report"). District shall notify Seller in writing ("District's Objection Notice") on or before the expiration of the Due Diligence Period of any objections District may have to the title exceptions contained in the Title Report. District's failure to provide Seller with a District's Objection Notice within said period shall constitute District's approval of all exceptions to title shown on the Title Report, provided Seller provides District five (5) days written notice of said failure to provide Seller with a District's Objection Notice and District fails to terminate Escrow within said five (5) day period. Seller shall have a period of ten (10) days after receipt of District's Objection Notice in which to deliver written notice to District ("Seller's Notice") of Seller's election to either (i) agree to remove or cure the objected to items prior to the Close of Escrow, or (ii) decline to remove or cure any such title exceptions and terminate Escrow and this Purchase and Sale Agreement. If Seller notifies District of its election to terminate Escrow rather than remove and cure the objected to items, District shall have the right, by written notice delivered to Seller within ten (10) days after District's receipt of Seller's Notice, to agree to accept the Property subject to the objected to items, in which event Seller's election to terminate the Escrow shall be of no effect, and District shall take title at the Close of Escrow subject to such objected to items without any adjustment to or credit against the Purchase Price. Notwithstanding anything herein to the contrary, District shall remove prior to the Ground Lease Escrow Closing Date all monetary liens other than non-delinquent taxes and assessments levied against the Ground Lease Parcels.

Upon the issuance of any amendment or supplement to the Title Report which adds additional exceptions, or adds any new requirement, the foregoing rights of review and approval shall also apply to said amendment or supplement; provided, however, that District's initial period of review and approval or disapproval of any such additional exceptions shall be limited to ten (10) business days following District's and District's attorney's receipt of the instrument(s) creating such additional exceptions.

2.5 Litigation Documents. Within five (5) days of the Purchase and Sale Effective Date, City shall deliver to District's designated legal counsel any and all documents and materials that are not protected by any applicable privilege that relate to pending or threatened litigation, or litigation that was pending or threatened within the last five (5) years, involving the Property and/or City's ownership thereof, including but not limited to correspondence that is not

privileged, complaints, court orders, settlements, and judgments (the "City's Litigation Documents"). City's Litigation Documents shall not include any documents produced in connection with the Validation Action. If City has no documents that fall within the definition of City's Litigation Documents, City shall deliver to District written notice thereof. District shall complete or cause to be completed the review of said litigation documents no later than the expiration of the Due Diligence Period, and District shall have the right to terminate this Purchase and Sale Agreement if after review of the City's Litigation Documents the District determines, in its reasonable discretion, that District cannot or should not be obligated to assume a risk of litigation that may currently be or was pending or threatened against City. District's failure to deliver to City written notice of its approval or disapproval on or before the expiration of the Due Diligence Period shall be conclusively deemed District's approval of the assumption of the risk of litigation as evidenced by the City's Litigation Documents, provided City provides District five (5) days written notice of said failure to deliver such written notice and District fails to terminate the Escrow within said five (5) day period.

2.6 Quitclaim Deed. Upon Buyer's written request, Seller shall execute and deliver to Escrow Holder a quitclaim deed(s) or similar recordable instrument(s) releasing the Property from the Memorandum of the AH/F/DDA and the Lease and Option Agreement. Buyer shall have the obligation to deliver to Seller and Seller's legal counsel the form of said quitclaim deed(s) or similar recordable instrument(s) prior to the expiration of the Due Diligence Period. Seller and Seller's legal counsel shall have the right to approve the form of such quitclaim deed(s) or similar recordable instrument(s), which approval shall not be unreasonably withheld or delayed.

ARTICLE 3. ESCROW.

3.1 Opening of Escrow. Within five (5) business days following the execution of this Purchase and Sale Agreement by Buyer and Seller, the Parties shall open an escrow (the "Escrow") with _____ ("Escrow Holder"), at its offices located at _____, _____, California _____, by causing an executed copy of this Purchase and Sale Agreement to be deposited with Escrow Holder. Escrow shall be deemed open on the date that a fully executed copy of this Purchase and Sale Agreement and the Initial Deposit are delivered to Escrow Holder (the "Opening of Escrow"). Escrow Holder shall provide each of the parties in Section 6.3 with written confirmation of the date of the Opening of Escrow. Title Company shall also provide title insurance services related to this Purchase and Sale Agreement.

The Parties shall service the purchase and sale of the Adjacent Property through the same Escrow and with the same Escrow Holder as provided herein, it being expressly understood and agreed by the Parties that there shall be concurrent escrows for the Property and the Adjacent Property, and that the Escrow for the Property shall not close unless and until escrow for the Adjacent Property is ready to close, and vice versa. It is further expressly understood and agreed by the parties that Buyer shall not have the right to purchase the Property, and Seller shall have no obligation to transfer title to the Property to Buyer, unless Buyer is concurrently ready and able close the escrow for the purchase of the Adjacent Property pursuant to the Moore Street Property Purchase and Sale Agreement.

3.2 Close of Escrow; Closing Date. Escrow shall close no later than the date that is thirty (30) days after the later of (1) the expiration of the Due Diligence Period, and (2) the date on which all of the conditions to closing described in Section 4 below have been satisfied (the "Closing Date"). The terms the "Close of Escrow", and/or the "Closing" are used herein to mean the date the Grant Deed (as the term is defined in Section 3.4 herein) is recorded in the Office of the County Recorder of Los Angeles, California. Possession of the Property shall be delivered to Buyer at the Close of Escrow free and clear of all tenancies, lessees, occupants, licensees, and all possessory rights of any kind or nature, except for any Permitted Exceptions, as set forth and defined in Section 4.1.3 herein.

3.3 Escrow Instructions. This Purchase and Sale Agreement, together with any standard instructions of Escrow Holder, shall constitute the joint escrow instructions of Buyer and Seller to Escrow Holder as well as an agreement between Buyer and Seller. In the event of any conflict between the provisions of this Purchase and Sale Agreement and Escrow Holder's standard instructions, this Purchase and Sale Agreement shall prevail.

3.4 Deliveries by Seller. No later than 1:00 p.m. on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder:

(a) an executed grant deed in the form of Sub-Attachment "3-B" attached to this Purchase and Sale Agreement (the "Grant Deed") conveying to Buyer fee simple title to the Property, duly executed and acknowledged by Seller;

(b) an executed certificate of non-foreign status in the form attached hereto as Sub-Attachment "3-D" and California Franchise Tax Board Form 590-RE, each executed by Seller;

(c) an executed quitclaim deed(s) or similar recordable instrument(s) in a form approved by Buyer and Buyer's attorney that removes the cloud of the Lease and Option Agreement on the Property, if requested by Buyer pursuant to Section 2.6 above;

(d) wire instructions and other necessary account information as may be required by Escrow Holder to ensure that the funds for the Purchase Price are disbursed to the Cuesta Villas Project Trust Fund;

(e) a fully executed Deposit Account Control Agreement in a form that substantially complies with the form attached to the AH/F/DDA; and

(f) any and all other sums and documents required by Escrow Holder to carry out and close the Escrow pursuant to this Purchase and Sale Agreement, including Seller's portion of prorations, if any.

3.5 Deliveries by Buyer. No later than 1:00 p.m. on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder:

(a) the Purchase Price less any payments made, if any;

(b) a Public Agency Certificate of Acceptance in the form attached hereto as Sub-Attachment "3-C";

(c) All other sums and documents required by Escrow Holder to carry out and close the Escrow pursuant to this Purchase and Sale Agreement, including the Escrow fees and Buyer's portion of prorations, if any.

3.6 Closing, Recording and Disbursements. On or before the Closing Date, and when all of the conditions precedent to the Close of Escrow set forth in Article 4 of this Purchase and Sale Agreement have been satisfied or waived in writing, Escrow Holder shall take the actions set forth in this Section 3.6.

3.6.1 Recording. Escrow Holder shall cause the Grant Deed to be recorded in the Official Records of Los Angeles County, California.

3.6.2 Disbursement of Funds. Escrow Holder shall disburse on behalf of Seller the Purchase Price (less prorations chargeable to Seller, if any) to the Cuesta Villas Project Trust Fund.

3.6.3 Title Policy. Escrow Holder shall deliver to Buyer a commitment to issue the Title Policy referred to in Section 4.1.3 of this Purchase and Sale Agreement.

3.6.4 Delivery of Documents to Buyer. Escrow Holder shall deliver to Buyer a conformed copy of the Grant Deed, and any other documents (or copies thereof) deposited by Seller with Escrow Holder pursuant to this Purchase and Sale Agreement. The original of the Grant Deed shall be returned to Buyer after recordation.

3.6.5 Delivery of Documents to Seller. Escrow Holder shall deliver to Seller a conformed copy of the Grant Deed, a conformed copy(ies) of the quitclaim deed(s) or similar recordable instruments (if requested by Buyer) releasing the Property from the Memorandum of the AH/F/DDA and Lease and Option Agreement, and any documents (or copies thereof) deposited by Buyer with Escrow Holder pursuant to this Purchase and Sale Agreement.

3.6.6 Real Property Taxes. All non-delinquent general and special real property taxes and assessments shall be prorated as of the Close of Escrow.

3.7 Payment of Costs. Seller shall pay all title insurance premiums for the CLTA standard owner's form policy. Should Buyer elect to receive an ALTA extended coverage owner's policy of title insurance, Buyer shall pay all title premium costs in excess of the premium for the CLTA standard owner's form policy. Buyer shall be responsible to pay the customary and usual escrow fees charged by Escrow Holder in connection with the Escrow and recording the Grant Deed, and Buyer shall pay for the costs incurred (if any) for the drawing of deeds, recording fees, notary fees, and any state, county, or local documentary transfer fee. Escrow Holder shall prepare a settlement statement for the Escrow. Buyer and Seller shall each

be responsible for their respective attorneys' fees. All taxes and assessments shall be prorated as of midnight on the date of closing.

ARTICLE 4. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

4.1 Conditions to Buyer's Obligations. Buyer's obligation to purchase the Property, and the Close of Escrow, shall be subject to the satisfaction or written waiver by District of each of the conditions precedent set forth in this Section 4.1.

4.1.1 Seller's Performance. Seller is not in material default of any term or condition of the AH/F/DDA or this Purchase and Sale Agreement.

4.1.2 Seller Deliveries Made. Seller has deposited with Escrow Holder all documents required of Seller by this Purchase and Sale Agreement.

4.1.3 Title Policy. Title Company has committed to issue to District a CLTA standard, or at District's choice, an ALTA extended coverage owner's policy of title insurance ("Title Policy"), with liability in the amount of the Purchase Price, showing fee title to the Property vested in the District, subject only to:

(a) the standard printed exceptions and exclusions contained in the form of the Title Policy commonly used by Title Company;

(b) title exceptions approved by Buyer pursuant to Section 2.4 of this Purchase and Sale Agreement;

(c) title exceptions resulting from documents being recorded or delivered through Escrow pursuant to this Purchase and Sale Agreement; and

(d) any other exceptions approved in writing by Buyer in its sole and absolute discretion.

The terms of sub-sections (a) through (d), inclusive, being herein collectively referred to as the "Permitted Exceptions".

4.1.4 Representations and Warranties. All representations and warranties made by Seller in this Purchase and Sale Agreement, to Seller's best knowledge, are true and correct as of the Closing as though made at that time.

4.1.5 Hazardous Materials; Environmental Compliance.

(a) As a result of Buyer's inspection pursuant to Section 2.2 herein, Buyer intends to satisfy itself that the Property is not in violation of any federal, state, or local law, ordinance, or regulation relating to Hazardous Materials, industrial hygiene, or to the environmental conditions on, under, or about the Property, or any portion thereof, including, but not limited to, soil and

groundwater conditions ("Environmental Laws"). If, at any time prior to the expiration of the Due Diligence Period, Buyer determines that the Property, or any portion thereof, is in violation of said Environmental Laws, Buyer may elect to terminate this Purchase and Sale Agreement and cancel the Escrow by delivering written notice to that effect to Seller and Escrow Holder, thereby rendering this entire Purchase and Sale Agreement invalid, void, and unenforceable. The term "Hazardous Materials" when used in this Purchase and Sale Agreement shall mean any hazardous waste, hazardous substance, hazardous materials or toxic substances as defined, as of the Closing Date, in any federal, state, or local statute, ordinance, rule, or regulation applicable to the Property, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (Title 42 United States Code sections 9601-9675), the Resource Conservation and Recovery Act (Title 42 United States Code sections 6901-6992k), the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code sections 25300-25395), Hazardous Waste Control Law (Health and Safety Code section 25100-25250.25); the Hazardous Materials Transportation Act, as amended (Title 49 United States Code Sections 1801-1819); and any substance defined as "hazardous waste" in Health and Safety Code Section 25117 or as a "hazardous substance" in Health and Safety Code Section 25316, and in the regulations adopted and publications promulgated under these laws. "Hazardous Materials" shall also include asbestos or asbestos-containing materials, radon gas, and petroleum or petroleum fractions, whether or not defined as a hazardous waste or hazardous substance in any such statute, ordinance, rule, or regulation as of the Closing Date.

(b) Notwithstanding any provision to the contrary in Subsection (a) above, in the event that Buyer in its capacity as Lessee of the Leased Premises pursuant to the 166th/Moore Streets Properties Lease and Option Agreements is responsible for a violation of any Environmental Law or the presence, treatment, management, storage, disposal, release, handling, or other use of any Hazardous Material (except as the same may be used in the ordinary course of District's business) on the Property or portion thereof, Buyer shall not have the right to terminate this Purchase and Sale Agreement and cancel the Escrow as set forth in Subsection (a) above. In such a circumstance, Seller shall have the right to pursue against Buyer any and all remedies available at law or in equity, including but not limited to specific performance, and the Purchase Price for the Property shall not be reduced by reason of said violation of an Environmental Law or said presence, treatment, management, storage, disposal, release, handling, or other use of any Hazardous Material on the Property or portion thereof.

4.1.6 Compliance with California Law Applicable to Acquisition of the Property. The Close of Escrow shall be conditioned upon the sale and Property being in compliance with all applicable California laws relating to the intended use of the Property including without limitation the following:

(a) California Environmental Quality Act (Public Resources Code Sections 21000 et seq.);

(b) zoning compliance (Government Code Sections 53091, 53094, and 65402; Public Resources Code Section 21151.2);

4.1.7 No Litigation. Except for the Validation Action, and except as may be approved by Buyer in connection with the review of City's Litigation Documents, no litigation shall be pending or threatened by any third party which relates to the Property and/or City's ownership thereof.

4.2 Conditions to Seller's Obligations. Seller's obligations to convey the Property, and the Close of Escrow, shall be subject to the satisfaction or written waiver by Seller of each of the conditions precedent set forth in this Section 4.2.

4.2.1 Buyer's Performance. Buyer is not in material default of any term or condition of the AH/F/DDA or this Purchase and Sale Agreement.

4.2.2 Buyer Deliveries Made. Buyer has deposited with Escrow Holder the Purchase Price and all other sums and documents required of Buyer by this Purchase and Sale Agreement.

4.2.3 Moore Street Option and Purchase and Sale Agreement. Buyer has exercised pursuant to the Moore Street Property Lease and Option Agreement its Option to purchase the Moore Street Property, and Buyer has executed and delivered to Escrow Holder the Moore Street Purchase and Sale Agreement.

4.2.4 Satisfaction of Buyer's Conditions for Adjacent Property Purchase and Sale Agreement. Buyer has satisfied or Seller has expressly waived in writing all of Seller's conditions precedent to closing the escrow for the Moore Street Property pursuant to the Moore Street Property Purchase and Sale Agreement, it being expressly understood and agreed by the parties that Buyer shall not have the right to purchase the Property, and Seller shall have no obligation to transfer title to the Property to Buyer, unless Buyer is ready and able to concurrently close Escrow for the purchase of both the Property and the Adjacent Property pursuant to the 166th/Moore Streets Properties Purchase and Sale Agreements.

4.2.5 Representations and Warranties. All representations and warranties made by Buyer in this Purchase and Sale Agreement, to Buyer's best knowledge, are true and correct as of the Closing as though made at that time.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each Party shall use its diligent best efforts, in good faith, and at its own cost, to satisfy such condition. Where satisfaction of any of the foregoing conditions requires the approval of a Party, such approval shall be in such Party's sole and absolute discretion.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall

be effective only if contained in a writing signed by Buyer and delivered to Seller. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer.

4.5 Termination. In the event each of the conditions set forth in Section 4.1 are not fulfilled within the time provided by the terms of this Purchase and Sale Agreement or waived by Buyer pursuant to Section 4.4, Buyer may, at its option, terminate this Purchase and Sale Agreement and the Escrow opened hereunder, thereby releasing the Parties from further obligations related to the purchase and sale of the Property hereunder. In the event that the conditions set forth in Section 4.2 are not fulfilled within the time periods provided by this Purchase and Sale Agreement or waived by Seller pursuant to Section 4.4, Seller may, at its option, terminate this Purchase and Sale Agreement and the Escrow opened hereunder, thereby releasing the Parties from further obligations related to the purchase and sale of the Property hereunder. Furthermore, in the event this Purchase and Sale Agreement is terminated by either Party, all documents delivered by Seller to Buyer or Escrow Holder shall be returned within a reasonable time to Seller and all documents delivered by Buyer to Seller or Escrow Holder shall be returned within a reasonable time to Buyer. Nothing in this Section 4.5 shall be construed as releasing any Party from liability for any default of its obligations hereunder or breach of its representations and warranties under this Purchase and Sale Agreement occurring prior to the termination of this Purchase and Sale Agreement and/or the Escrow to be opened hereunder. Nothing in this Section 4.5 or otherwise set forth in this Purchase and Sale Agreement that authorizes the termination of this Purchase and Sale Agreement shall release the Parties from their obligations under the AH/F/DDA, which by definition included applicable Exhibits attached thereto (including but not limited to the 166th/Moore Streets Properties Lease and Option Agreements and the Ground Lease).

ARTICLE 5. REPRESENTATIONS AND WARRANTIES-BROKERAGE COMMISSIONS.

5.1 Seller's Representations and Warranties. Seller hereby makes the following representations and warranties to Buyer, each of which (i) is material and relied upon by Buyer in making its determination to enter into this Purchase and Sale Agreement, (ii) is to the best knowledge of Seller true in all respects as of the Purchase and Sale Effective Date and shall be true in all respects on the Closing Date, and (iii) shall survive the Close of Escrow:

(a) Seller has full right, power, and authority to enter into this Purchase and Sale Agreement and to perform Seller's obligations hereunder. This Purchase and Sale Agreement and all other documents delivered by Seller to Buyer now or at the Close of Escrow, have been or will be duly executed and delivered by Seller and are legal, valid, and binding obligations of Seller, sufficient to convey to Buyer good and marketable title to the Property, are enforceable in accordance with their respective terms, and do not violate any provision of any agreement to which Seller is a Party.

(b) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, there are no pending or threatened, actions, suits, writs, injunctions, decrees, legal proceedings or governmental investigations against or affecting the Property or relating to the ownership, maintenance, use or operation of the Property.

(c) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, Seller has not received any notices nor has any knowledge of any violation of any laws, ordinances, rules, regulations or requirements of any governmental agency, body or subdivision affecting or relating to the Property.

(d) There are no leases, rights of first refusal, or other agreements relating to the right of possession and/or occupancy of the Property by any person or entity, except for the 166th/Moore Streets Properties Lease and Option Agreements and matters of record approved by Buyer pursuant to Section 2.4 above.

(e) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, Seller is not aware that the Property, or Seller, are in violation of any applicable Federal, State or local statute, ordinance, order, requirement, law, or regulation materially adversely affecting the Property or construction of any improvement thereon or its intended use a District facility. Seller has received no notice of any such violation of applicable law.

Seller has not caused or knowingly permitted any contamination by Hazardous Materials (as defined in Section 4.1.5 of this Purchase and Sale Agreement) to occur on, at, about, or within the Property, or any portion thereof, and otherwise knows of any such contamination of Hazardous Materials on, at, about, or within the Property, or any portion thereof.

If Seller becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Seller hereunder, whether as of the Purchase and Sale Effective Date or any time thereafter through the Closing Date, Seller will give immediate written notice of such changed fact or circumstance to Buyer, but such notice shall not release Seller of any liabilities or obligations with respect thereto.

5.2 Buyer's Representations and Warranties. Buyer hereby makes the following representations and warranties to Seller, each of which (i) is material and relied upon by Seller in making its determination to enter into this Purchase and Sale Agreement, (ii) is to the best knowledge of Buyer true in all respects as of the Purchase and Sale Effective Date and shall be true in all respects on the Closing Date, and (iii) shall survive the Close of Escrow.

(a) Buyer has the full right, power, and authority to enter into this Purchase and Sale Agreement and perform Buyer's obligations hereunder. This Purchase and Sale Agreement and all other documents delivered by Buyer to Seller now or at the Close of Escrow, have been or will be duly executed and delivered by Buyer and are legal, valid, and binding obligations of Buyer, are enforceable in accordance with their respective terms, and do not violate any provision of any agreement to which Buyer is a Party.

5.3 Brokerage Commissions; Indemnity. City, Agency, and Corporation, and their respective officers, officials, employees, representative, agents, and volunteers shall have no obligation and no liability to pay any real estate commission, finder's fee, broker's fee or any similar charge by any name whatsoever arising from, relating to, or in any way connected with the transactions contemplated by the AH/F/DDA and this Purchase and Sale Agreement. District shall pay no later than the Closing Date (if not previously paid) any real estate commission, finder's fee, broker's fee or any similar charge by any name whatsoever arising from, relating to, or in any way connected with the purchase and sale of the Property as contemplated herein. District shall indemnify, defend, and hold harmless Agency, City, and Corporation, and their respective officers, officials, employees, representatives, agents, and volunteers harmless from and against any losses or liabilities arising from, relating to, or in any way connected with, any claim by any broker, agent or finder for any commission, fee or other compensation in connection with the purchase and sale of the Property as contemplated herein. The indemnities set forth in this Section shall survive the Escrow Closing Date and the termination of this Lease and Purchase Agreement.

ARTICLE 6. MISCELLANEOUS.

6.1 Costs of Conveyance. All costs not otherwise allocated by Section 3.7 herein related to Seller's grant and conveyance of the Property to Buyer shall be borne equally by the Parties fifty-fifty (50/50).

6.2 Attorneys' Fees; Litigation. In the event either party to this Purchase and Sale Agreement should default under any of the provisions hereof, and the non-defaulting Party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting Party herein contained, the defaulting Party agrees that it will on demand therefor pay to the non-defaulting Party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting Party.

6.3 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission,

provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To City:	City of Cerritos 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: City Manager Fax: (562) 916-1371
With a copy to:	Brown, Winfield & Conzoneri, Inc. 300 S. Grand Avenue, 15th Floor Los Angeles, CA 90071 Attn: Mark W. Steres, Esq. Fax: (213) 687-1733
and copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

6.4 Authority. The person(s) executing this Purchase and Sale Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Purchase and Sale Agreement on behalf of said Party, (iii) by so executing this Purchase and Sale Agreement, such Party is formally bound to the provisions of this Purchase and Sale Agreement, and (iv) the entering into this Purchase and Sale Agreement does not violate any provision of any other agreement to which said Party is bound.

6.5 Execution in Counterpart. This Purchase and Sale Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all Parties hereto, notwithstanding that all Parties are not signatories to the original or the same counterpart.

6.6 Assignment. Buyer shall not assign this Purchase and Sale Agreement or any right or privilege Buyer might have under this Purchase and Sale Agreement without the prior written consent of Seller, which consent may be granted or denied in Seller's sole and absolute discretion. Seller shall not assign this Purchase and Sale Agreement or any right or privilege Seller might have under this Purchase and Sale Agreement without the prior written consent of Buyer, which consent may be granted or denied in Buyer's sole and absolute discretion unless Seller's proposed assignee is either Agency or Corporation, in which case Buyer shall approve said assignment so long as the assignee agrees in a written notice to Buyer to carry out and observe each of Seller's obligations hereunder, including all Sub-Attachments hereto.

6.7 Third Party Beneficiaries. Except as set forth in the next sentence, nothing in this Purchase and Sale Agreement shall be construed to confer any rights upon any party not signatory to this Purchase and Sale Agreement. Agency and Corporation are express third party beneficiaries of this Purchase and Sale Agreement and shall have the right but not the obligation to enforce the provisions hereof.

6.8 Binding on Heirs. This Purchase and Sale Agreement shall be binding upon the Parties hereto and their respective heirs, representatives, transferees, successors, and assigns.

6.9 Time of the Essence. Time is of the essence with respect to each of the terms, covenants, and conditions of this Purchase and Sale Agreement.

6.10 Condemnation. In the event the Property is taken, in whole or in part, or designated to be taken by condemnation proceedings other than condemnation proceedings instigated by either Buyer or Seller, or proceedings in lieu thereof, prior to the Close of Escrow, Buyer shall have the right to terminate this Purchase and Sale Agreement and cancel Escrow by delivering to Seller and Escrow Holder written notice thereof. In the event Buyer does not elect to terminate this Purchase and Sale Agreement pursuant to this Section, Buyer shall be entitled to all condemnation proceeds upon the Close of Escrow so long as Buyer deposits into Escrow and pays to Seller the full Purchase Price. In the event Buyer does not elect to terminate this Purchase and Sale Agreement, Seller shall consult with Buyer regarding any proposed settlement with the condemnor but Seller shall have the right to approve in its sole and absolute discretion any settlement with condemnor. Seller shall deposit any such proceeds with Escrow Holder.

6.11 Entire Agreement, Waivers and Amendments. This Purchase and Sale Agreement, and any written agreement entered into by the Parties with respect to the Property including the AH/F/DDA and Lease and Option Agreement, incorporate all of the terms and conditions mentioned herein, or incidental hereto, and supersede all negotiations and previous agreements between the Parties with respect to all or part of the subject matter thereof. All waivers of the provisions of this Purchase and Sale Agreement must be in writing and signed by the appropriate authorities of the Party to be charged. Any amendment or modification to this Purchase and Sale Agreement must be in writing and executed by Seller and Buyer.

6.12 Attachments. Sub-Attachments "3-A," "3-B," "3-C," and "3-D" attached to this Purchase and Sale Agreement are incorporated herein by this reference and made a part hereof. Said Sub-Attachments are identified as follows:

"3-A"	-	LEGAL DESCRIPTION OF PROPERTY
"3-B"	-	GRANT DEED
"3-C"	-	PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE
"3-D"		NON-FOREIGN AFFIDAVIT

6.13 Effect of Recitals. The Recitals above are deemed true and correct, are hereby incorporated into this Section as though fully set forth herein, and Seller and Buyer acknowledge and agree that they are each bound by same.

6.14 References and Other Terms. Any reference to any document shall include such document both as originally executed and as it may from time to time be amended. References herein to "Article," "Section," "Subsection," "Exhibit," "Attachment" or "Sub-Attachment" shall be construed as references to this Purchase and Sale Agreement unless a different document is named. References to "this Article,' "this Section" or "this Subsection" shall be construed to mean the same Article, Section or Subsection in which the reference appears. The terms "including" and "include" shall mean "including (include) without limitation."

6.15 Severability. If any provision in this Purchase and Sale Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

6.16 Interpretation: Governing Law. This Purchase and Sale Agreement shall be construed according to its fair meaning and as if prepared by both Parties hereto. This Purchase and Sale Agreement shall be construed in accordance with the laws of the State of California in effect on the Purchase and Sale Effective Date without regard to conflict of law principles.

6.17 Covenants to Survive Escrow. The covenants and agreements contained in this Purchase and Sale Agreement shall survive the Close of Escrow.

6.18 Conflicts of Interest. No director, officer, official, representative, agent or employee of the District shall have any financial interest, direct or indirect, in this Purchase and Sale Agreement.

6.19 Nondiscrimination. There shall be no discrimination by Seller or Buyer against any person on account of race, color, religion, sex, marital status, national origin, or ancestry in the performance of their respective obligations under this Purchase and Sale Agreement.

6.20 Rights and Remedies are Cumulative. Except as may be otherwise expressly stated in this Purchase and Sale Agreement, the rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of its right or remedies shall not preclude the exercise by it, at the same time or at different times, of any other rights or remedies for the same default or any other default by another Party.

6.21 Provisions Required by Law Deemed Inserted. Each and every provision of law and clause required by law to be inserted in this Purchase and Sale Agreement shall be deemed to be inserted herein and the Purchase and Sale Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon application of either Party the Purchase and Sale Agreement shall forthwith be physically amended to make such insertion or correction.

6.22 Cooperation. Buyer and Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein in order to complete the acquisition of the Property and/or to accomplish the objectives and requirements that are set out in this Purchase and Sale Agreement. Both Buyer and Seller hereby agree to cooperate with each other by executing such other documents or taking such other actions as may be reasonably necessary to complete this transaction in accordance with the intent of the Parties as evidenced in this Purchase and Sale Agreement and attached Sub-Attachments hereto.

6.23 Nonliability of Officials and Employees. No member, official, employee, or contractor of City, Agency or Corporation shall be personally liable to District in the event of any default by City or for any amount which may become due to District or on any obligations under the terms of this Purchase and Sale Agreement. No member, official, employee, or contractor of District shall be personally liable to Agency, City, or Corporation in the event of any default by District or for any amount which may become due to Agency, City, or Corporation or on any obligations under the terms of this Purchase and Sale Agreement.

6.24 Default and Termination; Continued Enforceability of Other Agreements. Notwithstanding any provision in this Purchase and Sale Agreement to the contrary, in the event that either Party defaults or breaches any covenant or obligation for which a Party must perform under this Purchase and Sale Agreement, or either Party terminates this Purchase and Sale Agreement and the Escrow as authorizes herein, such default or termination shall not release the Parties from the covenants and obligations set forth in the AH/F/DDA (and Exhibits attached thereto, including the Lease and Option Agreement). In explanation of the foregoing, the Lease and Option Agreement shall remain in full force and effect until the Close of Escrow, and if Escrow does not close, the Lease and Option Agreement shall remain in full force and effect for the duration of the 166th/Moore Streets Properties Lease Term as defined therein. Nothing in this Section shall be deemed to release a Party in default under this Purchase and Sale Agreement from performance of the Party's covenants and obligations set forth herein. A Party not in default of this Purchase and Sale Agreement shall have the right to pursue any right or remedy available at law or in equity for such default of this Purchase and Sale Agreement, including but not limited to specific performance.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Purchase and Sale Agreement as of the Purchase and Sale Effective Date.

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

Dated: _____

DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

SUB-ATTACHMENT "3-A" TO ATTACHMENT 3

<u>LEGAL DESCRIPTION OF PROPERTY</u>
(166th Street Property)

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

SUB-ATTACHMENT "3-B" TO ATTACHMENT 3

<u>GRANT DEED</u>
(166th Street Property)

[Attached]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ABC Unified School District
_____
Cerritos, CA _____
Attn: Superintendent

(Space Above This Line For Recorder's Use)

The undersigned grantor(s) declare(s):
This conveyance is exempt from the payment of a documentary transfer tax pursuant to Revenue and Taxation Code Section 11922.

This document is being recorded for the benefit of the _____ Unified School District and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

GRANT DEED
(166th Street Property)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF CERRITOS, a California municipal corporation ("Grantor") hereby grant "AS-IS," "WHERE-IS," "WITH ALL FAULTS" to the ABC UNIFIED SCHOOL DISTRICT, a public school district organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California (the "Grantee"), that certain real property located in the City of Cerritos, County of Los Angeles, State of California, located at 12881 166th Street and more particularly described in the legal description attached hereto as Sub-Sub-Attachment No. "1" and incorporated herein by this reference ("Property"), subject to the reservation of all other easements, encumbrances, covenants, and other matters of record or apparent by a physical inspection of the Property.

Dated: _____

"GRANTOR"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
City Clerk

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

SUB-SUB-ATTACHMENT No. "1" to SUB-ATTACHMENT "3-A"
(166th Street Property)

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

SUB-ATTACHMENT "3-C" TO ATTACHMENT 3

PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE
(Government Code Section 27281)

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, from _____ to the _____ UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California, is hereby accepted by the undersigned officer on behalf of the _____ Unified School District pursuant to authority conferred by the California Constitution and California Education Code sections 1240 et seq., and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

ABC UNIFIED SCHOOL DISTRICT

By: _____
Its: _____

ATTEST:

By: _____
Clerk of the Governing Board of the
ABC Unified School District

SUB-ATTACHMENT "3-D" TO ATTACHMENT 3

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that the transferee of an interest in real property located in the United States must withhold tax if the transferor is a foreign person. To inform the ABC UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California ("Transferee"), that withholding of tax is not required upon the sale by the City of Cerritos, a California municipal corporation ("Transferor"), of its fee simple interest in that certain real property sold pursuant to the Agreement of Purchase and Sale and Joint Escrow Instructions dated _____, _____, which real property is described in the legal description and depicted in the map attached to this Purchase and Sale Agreement as Sub-Sub-Attachment No. "1" and incorporated herein by this reference, the undersigned hereby certifies the following:

The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and the income tax regulations promulgated thereunder);

The Transferor's United States Taxpayer Identification Number is _____.

The Transferor's office address is 18125 Bloomfield Avenue, Cerritos, California, 90703; and

The Internal Revenue Service has not issued any notice with respect to Transferor or listed Transferor as a person whose affidavit may not be relied upon for purposes of Section 1445 of the Internal Revenue Code.

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

[Continued on next page]

Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I am the _____ of the Transferor, and that I have authority to sign this document on behalf of the Transferor.

Dated: _____

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

SUB-SUB-ATTACHMENT No. "1" to SUB-ATTACHMENT "3-D"
(166th Street Property)

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

ATTACHMENT "4" TO LEASE AND OPTION AGREEMENT
(166th Street Property)

166th/MOORE STREETS PROPERTIES PURCHASE PRICE SCHEDULE

[Attached]

166th/Moore Streets Properties Purchase Price Schedule

Rent Payment Date	Purchase Price
1.	$14482577.53
2.	$14465082.46
3.	$14447514.50
4.	$14429873.33
5.	$14412158.66
6.	$14394370.19
7.	$14376507.59
8.	$14358570.56
9.	$14340558.80
10.	$14322471.99
11.	$14304309.82
12.	$14286071.97
13.	$14267758.13
14.	$14249367.98
15.	$14230901.21
16.	$14212357.49
17.	$14193736.50
18.	$14175037.93
19.	$14156261.45
20.	$14137406.73
21.	$14118473.45

22.	$14099461.29
23.	$14080369.90
24.	$14061198.97
25.	$14041948.16
26.	$14022617.14
27.	$14003205.57
28.	$13983713.12
29.	$13964139.45
30.	$13944484.22
31.	$13924747.10
32.	$13904927.74
33.	$13885025.80
34.	$13865040.93
35.	$13844972.80
36.	$13824821.04
37.	$13804585.33
38.	$13784265.29
39.	$13763860.59
40.	$13743370.87
41.	$13722795.77
42.	$13702134.95
43.	$13681388.04
44.	$13660554.68
45.	$13639634.52
46.	$13618627.19

47.	$13597532.33
48.	$13576349.58
49.	$13555078.56
50.	$13533718.91
51.	$13512270.27
52.	$13490732.25
53.	$13469104.50
54.	$13447386.63
55.	$13425578.26
56.	$13403679.03
57.	$13381688.56
58.	$13359606.45
59.	$13337432.34
60.	$13315165.83

[Option Term expires 5 years (60 months) after

Certificate of Occupancy Seventy Percent Date]

EXHIBIT "J-2"

MOORE STREET PROPERTY LEASE AND OPTION TO PURCHASE AGREEMENT

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

City of Cerritos
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: City Manager

(Space Above For Recorder's Use)

This Lease and Option to Purchase Agreement is recorded at the request and for the benefit of the City of Cerritos and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

LEASE AND OPTION TO PURCHASE AGREEMENT
(*Moore Street Property*)

This LEASE AND OPTION TO PURCHASE AGREEMENT ("Lease and Option Agreement" or "Agreement") dated as of _____, _____, (the "Lease and Option Effective Date"), is entered into by and between the CITY OF CERRITOS, a California municipal corporation ("City," "Lessor", and "Optionor"), and the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District," "Lessee" and "Optionee"). City and District are hereinafter periodically referred to individually as a "Party" or "party" and collectively as the "Parties" or "parties."

R E C I T A L S

A. On or about _____, _____, City, District, the CERRITOS REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos to facilitate the provision of affordable housing for senior citizens within the City, and to facilitate the relocation of District's administrative offices and provision of renovated administrative, warehouse, and school kitchen facilities. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. City is the owner in fee of that certain real property and improvements and amenities thereon located at 12880 Moore Street in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference (the "Property"). The Property is currently improved with an office building comprised of approximately 35,500 square feet of warehouse space, a central kitchen facility, parking, and related warehouse and food service improvements and amenities.

C. City is also owner in fee of that certain real property and improvements and amenities thereon located adjacent to the Property at the address of 12881 166th Street in the City of Cerritos, County of Los Angeles, State of California (the "Adjacent Property"). The Adjacent Property is currently improved with a warehouse comprised of approximately 44,500 square feet of usable office space, parking, and related commercial office amenities. The 166th Street Property and Moore Street Property are collectively referred to herein as the "166th/Moore Streets Properties."

D. Pursuant to the AH/F/DDA, Agency was to enter into a long-term ground lease with District, which was then to be assigned to Corporation, so that Corporation could develop, own, and manage or cause to be managed a senior affordable housing development, senior center, park, and related facilities on certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California (the "Norwalk Boulevard Property"). As of the Effective Date of the AH/F/DDA, the Norwalk Boulevard Property served as the District's administrative offices and had an antiquated warehouse and unusable central kitchen facility. Because the senior affordable housing development, senior center, park, and appurtenant improvements were to be located where the administrative offices and kitchen/warehouse facilities for the District were also located, the District's administrative offices and kitchen/warehouse facilities needed to be relocated. In order to accommodate the necessary relocation of the District's administrative offices and kitchen/warehouse facility, City and District agreed to enter into the 166th/Moore Streets Properties Lease and Option Agreements.

E. To accommodate the administrative offices for the District, City and District desire to enter into this Lease and Option Agreement that provides District the right to possess the "Leased Premises" (as defined herein) and the option to purchase the Property, as more fully provided herein. All conditions precedent to the parties entering into this Lease and Option Agreement have been satisfied or waived as provided in the AH/F/DDA.

F. The lease of the Leased Premises and option to purchase the Property, the development and operation of the senior affordable residential complex, senior center, park, and related facilities thereto, the relocation and renovation of the District's administrative offices and kitchen/warehouse facility, as provided in this Lease and Option Agreement and the AH/F/DDA, and the fulfillment generally of this Lease and Option Agreement and the AH/F/DDA, are in the vital and best interest of the City of Cerritos and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

A G R E E M E N T

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS AND GENERAL PROVISIONS.

1.1 Definitions. If not defined in the AH/F/DDA, capitalized terms used in this Lease and Option Agreement are defined wherein used in this Lease and Option Agreement and/or as set forth in this Article 1. Unless otherwise defined herein, all capitalized terms shall have the same meaning ascribed to them in the AH/F/DDA which meanings are incorporated by this reference.

"166th Street Property" shall mean the Adjacent Property as defined in this Lease and Option Agreement.

"166th Street Property Leased Premises" shall mean the Leased Premises for the Adjacent Property as defined in the 166th Street Property.

"166th Street Property Purchase and Sale Agreement" and "Purchase and Sale Agreement (166th Street Property)" shall mean that certain agreement for the purchase and sale of the Adjacent Property by and between City and District in the form attached to the 166th Street Property Lease and Option Agreement as Attachment "3".

"166th/Moore Streets Properties" shall mean the Moore Street Property and the Adjacent Property.

"166th/Moore Streets Properties Escrow" shall have the meaning set forth in the 166th/Moore Streets Properties Purchase and Sale Agreements.

"166th/Moore Streets Properties Escrow Closing Date" shall have the meaning set forth in the 166th/Moore Streets Properties Purchase and Sale Agreements.

"166th/Moore Streets Properties Final Rent Payment Date" shall mean the final date upon which 166th/Moore Street Property Rent shall be due and payable by Lessee to Lessor pursuant to this Lease and Option Agreement.

"166th/Moore Streets Properties First Rent Payment Date" shall mean the first date upon which 166th/Moore Streets Properties Rent shall be due and payable by Lessee to Lessor pursuant to this Lease and Option Agreement.

"166th/Moore Streets Properties Lease and Option Agreements" shall mean collectively this Lease and Option Agreement and the Lease and Option Agreement for the Adjacent Property.

"166th/Moore Streets Properties Lease Term" shall mean the entire term during which the covenants, terms, and conditions of this Lease and Option Agreement shall be in full force and effect as provided in Article 2.

"166th/Moore Streets Properties Purchase and Sale Agreements" shall mean collectively the 166th Street Property Purchase and Sale Agreement and the Moore Street Property Purchase and Sale Agreement.

"166th/Moore Streets Properties Purchase Price" shall mean the purchase price for the 166th/Moore Streets Properties, which amount shall be determined as set forth in Article 18 of this Lease and Option Agreement.

"166th/Moore Streets Properties Purchase Price Schedule" shall mean the schedule attached hereto as Attachment "4" and incorporated herein by reference.

"166th/Moore Streets Properties Rent" shall have the meaning set forth in Article 3.

"166th/Moore Streets Properties Rent Payment Date" shall mean any date after the 166th/Moore Streets Properties First Rent Payment Date during the 166th/Moore Streets Properties Rent Payment Term on which 166th/Moore Streets Properties Rent is due and payable by Lessee to Lessor as prescribed in this Lease and Option Agreement.

"166th/Moore Streets Properties Rent Payment Term" shall mean the period during which Lessee shall have an obligation to pay the 166th/Moore Streets Properties Rent to Lessor as provided in Article 3 of this Lease and Option Agreement.

"Adjacent Property" shall have the meaning ascribed in Recital C of this Agreement.

"Agreement" shall mean this Lease and Option Agreement.

"AH/F/DDA" shall mean that certain Affordable Housing, Financing, and Disposition and Development Agreement referenced in the Recitals to this Lease and Option Agreement.

"Alterations" shall mean structural additions, alterations, or improvements to the Leased Premises performed or caused to be performed by Lessee as described in Article 9 of this Lease and Option Agreement. Alterations are any structural additions, alterations, or improvements that are not Public Improvements completed or caused to be completed by Lessor pursuant to the AH/F/DDA.

"Certificate of Occupancy Seventy Percent Date" shall have the same meaning set forth in the AH/F/DDA.

"Condemnation Award" shall mean all compensation paid or payable by reason of a Taking, whether pursuant to judgment, agreement or otherwise.

"Leased Premises" shall mean the portion of the Property and Improvements thereon leased to Lessee as more particularly depicted and outlined in the floor plan or other plans attached hereto as Attachment "2" and incorporated herein by this reference.

"Lessee FF&E" shall mean all machinery, trade fixtures, furnishing, equipment, and other personal property on the Leased Premises installed by Lessee after the completion of the Public Improvements on the Property that constitutes personal property of the Lessee, as provided in this Lease and Option Agreement.

"Improvements" shall mean, unless more specifically defined in this Lease and Option Agreement or AH/F/DDA, general improvements that have been constructed or will be constructed on the Property, or any portion thereof.

"Option" shall have the meaning set forth in Article 18 of this Lease and Option Agreement.

"Option Term" shall mean the term during which Optionee shall have the right to exercise the Option as set forth in this Agreement.

"Option Conditions" shall mean the conditions that must be satisfied prior to Optionee having the right to exercise the Option as provided in Article 18 of this Lease and Option Agreement.

"Option Consideration" shall mean that amount of consideration paid by Optionee to Optionor to preserve the right to exercise the Option as set forth in Article 18 of this Lease and Option Agreement.

"Moore Street Property" shall mean the Property as defined in this Lease and Option Agreement.

"Moore Street Property Purchase and Sale Agreement" and "Purchase and Sale Agreement (Moore Street Property)" shall mean that certain agreement for the purchase and sale of the Property by and between City and District in the form attached to this Lease and Option Agreement as Attachment "3".

"Moore Street Property Leased Premises" shall mean the Leased Premises for the Adjacent Property as defined in the 166th Street Property.

"Moore Street Property Rent" shall mean one-half (1/2), rounded up to the nearest penny (1/100th of a dollar), of the 166th/Moore Streets Properties Rent.

"Notice of Exercise of Option" shall mean the written notice that is required to be delivered to Optionor by Optionee to exercise the Option, as provided in this Lease and Option Agreement.

"Partial Taking" shall mean any Taking that is not a Total Taking.

"Property" shall have the meaning ascribed in Recital B of this Lease and Option Agreement.

"Property Common Area" shall have the meaning set forth in Article 11 of this Lease and Option Agreement.

"Relocation Completion Date" shall have the same meaning set forth in the AH/F/DDA.

"Taking" shall mean any taking or damage to the Leased Premises or any portion thereof or interest therein, including severance damage, under the power of eminent domain or by

inverse condemnation. A "Taking" shall include any voluntary conveyance or transfer in lieu of the exercise of the power of eminent domain or while eminent domain proceedings are pending.

"Total Taking" shall mean the Taking of all of the Leased Premises or so much of the Leased Premises that, in the reasonable discretion of Lessee, it is determined that the remainder is unsuitable for Lessee's continued use.

2. LEASE OF PREMISES AND TERM OF LEASE.

2.1 Lease. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the Leased Premises for the 166th/Moore Streets Properties Lease Term subject to the terms and conditions of this Agreement and the AH/F/DDA.

2.2 Lease Term. The term of the lease of the Leased Premises shall commence on the Ground Lease Escrow Closing Date (as defined in the AH/F/DDA) and shall continue thereafter in full force and effect until the earlier of: (i) the 166th/Moore Streets Properties Escrow Closing Date only if Lessee exercises the Option in accordance with this Agreement; or (ii) the date that is thirty (30) years from the Certificate of Occupancy Seventy Percent Date (the period in either Subsection (i) or (ii) as applicable being the "166th/Moore Streets Properties Lease Term").

2.3 Memorializing Dates of Receipt of Certificate(s) of Occupancy and Option Term. At the request of either party to this Lease and Option Agreement, the parties shall execute a recordable instrument that memorializes the month, date, and year of termination of the 166th/Moore Streets Properties Lease Term based upon the definition in Subsection (ii) of Section 2.2 above, it being understood by the parties that the month, date, and year of the expiration of 166th/Moore Streets Properties Lease Term can only be certain after the City has issued the required percentage of Certificate(s) of Occupancy for the Restricted Units in the Senior Affordable Residential Complex. At the request of either party to this Lease and Option Agreement, the parties shall execute a recordable instrument that memorializes the month, date, and year of the expiration of the Option Term as defined in this Agreement, it being expressly understood by the parties that the month, date, and year of the expiration of the Option Term can only be certain after the completion of the relocation of the District's administrative offices and kitchen/warehouse facilities as provided in the AH/F/DDA (defined therein as the "Relocation Completion Date"). In the event that such instrument(s) is recorded, and Lessee exercises the Option pursuant to this Lease and Option Agreement, Lessor shall execute and record or cause to be recorded an instrument that will show the termination of the 166th/Moore Streets Properties Lease Term to coincide with the 166th/Moore Streets Properties Escrow Closing Date.

2.4 Recorded Encumbrances. This Lease and Option Agreement, the interests of Lessor and Lessee hereunder, and the Property, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record prior to the recordation of this Lease and Option Agreement.

2.5 Possession. Notwithstanding the commencement date of the 166th/Moore Streets Properties Lease Term, District shall not use or occupy the Leased Premises until the City

has issued all Notices of Completion of Construction for the Public Improvements for the Property and Certificates of Occupancy for the Leased Premises.

3. RENT FOR THE LEASED PREMISES.

3.1 Rent for Leased Premises. During the 166th/Moore Streets Properties Rent Payment Term, Lessee shall pay to Lessor the Moore Street Property Rent each month for the Leased Premises.

3.2 166th/Moore Streets Properties Rent; Explanation of Rent Amount. The 166th/Moore Streets Properties Rent shall be the amount of Seventy-Seven Thousand Eight Hundred Thirty Nine Dollars and Fourteen Cents ($77,839.14) each month. The Moore Street Property Rent for the Leased Premises is one-half (1/2) of the above-described amount (rounded up to the nearest penny (1/100th of a dollar)), with the remaining one-half (1/2) of said amount to be paid as rent for the Adjacent Property.

3.3 Term and Dates of Payment. Lessee's obligation to pay the Moore Street Property Rent to Lessor shall commence on the Certificate of Occupancy Seventy Percent Date, and shall continue thereafter in full force and effect for the remainder of the 166th/Moore Streets Properties Lease Term (the "166th/Moore Streets Properties Rent Payment Term"). The first payment of Moore Street Property Rent shall be due and payable on the first day of the first month following the Certificate of Compliance Seventy Percent Date (the "166th/Moore Streets Properties First Rent Payment Date"), and each subsequent payment of Moore Street Property Rent shall be due and payable in advance on the first day of each calendar month (each, a "166th/Moore Streets Properties Rent Payment Date") after the 166th/Moore Streets Properties First Payment Date for the duration of the 166th/Moore Streets Properties Rent Payment Term; provided, however that Lessee may defer payment of any Moore Street Property Rent until the first January 1 of the year following the Certificate of Occupancy Seventy Percent Date occurred, on which date any and all unpaid Moore Street Property Rent hitherto due and payable from prior 166th/Moore Streets Properties Rent Payment Dates shall be due and payable to Lessor.

3.4 Final Rent Payment Date. The final rental payment shall be due and payable on the date that the 166th/Moore Streets Properties Lease Term terminates, unless Lessee exercises the Option as provided in this Agreement, in which case the final rental payment shall be due and payable on the 166th/Moore Streets Properties Escrow Closing Date (the applicable date being the "166th/Moore Streets Properties Final Rent Payment Date"). In the event that Lessee exercises the Option, Lessee shall deposit into the 166th/Moore Streets Properties Escrow the amount of any unpaid Moore Street Property Rent due and payable through the 166th/Moore Streets Properties Escrow Closing Date, and said amount shall be disbursed to Lessor (or Lessor's designee) as provided in the 166th/Moore Streets Properties Purchase and Sale Agreements.

3.5 Prorate. The Moore Street Property Rent for any period during the 166th/Moore Street Property Rent Payment Term which is for less than one (1) full calendar month shall be prorated based upon a 360-day calendar year with 30-day months.

3.6 Exercise of Option Prior to Commencement of Rent Payment Term. Lessee shall have the right to exercise the Option prior to the commencement of the 166th/Moore Streets Properties Rent Payment Term, in which case the 166th/Moore Streets Properties Purchase Price shall be calculated as provided in this Lease and Option Agreement.

3.7 Place for Payment of Rent. All Moore Street Property Rent that becomes due and payable pursuant to this Lease and Option Agreement shall be paid to Lessor in lawful money of the United States at the address listed herein or such other place as the Lessor may from time to time designate by written notice to the Lessee without notice or demand.

3.8 Additional Sums. All sums of money due to Lessor pursuant to this Lease and Option Agreement not specifically characterized as rental payments shall constitute additional Moore Street Property Rent and shall be due and payable on the 166th/Moore Streets Properties Rent Payment Date that is after the date of delivery to Lessee of the billing for said sums of money. Nothing contained in this Lease and Option Agreement shall be deemed to suspend or delay the payment of any sum of money at the time it becomes due and payable, or limit any other right or remedy of Lessor.

3.9 Interest. Any amount of Moore Street Property Rent or other sums due to Lessor, if not paid within thirty (30) days following the applicable 166th/Moore Streets Properties Rent Payment Date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or the maximum non-usurious rate allowed by law, whichever is less. Payment of interest shall not excuse or cure any default by Lessee.

3.10 Records and Audit. Lessee shall keep full and accurate books of account, records and other pertinent data with respect to the payment of 166th/Moore Streets Properties Rent and the general operations of the uses permitted herein during the 166th/Moore Streets Properties Lease Term. Such books of account, records, and other pertinent data shall be kept for a period of no less than three (3) years after the applicable 166th/Moore Streets Properties Rent Payment Date or, if Lessor has initiated an audit of Lessee's records prior to the end of such three (3) year period, until said audit has been completed and any dispute relating to the results of said audit have been finally resolved and any delinquent payments have been made. Lessor shall have the right to inspect and audit or cause an audit to be conducted over any records required to be maintained pursuant to this Agreement upon reasonable notice to the party required to keep such records. Lessee shall not withhold or delay inspection of such records or the ability to conduct an audit that may require the review of said records.

4. POSSESSION AND SURRENDER OF LEASED PREMISES.

4.1 Acceptance of Leased Premises. Pursuant to the terms and conditions of this Lease and Option Agreement, Lessee agrees to accept the Leased Premises in the condition called for by the AH/F/DDA and this Lease and Option Agreement.

4.2 Condition of Leased Premises. Lessee shall be deemed to have accepted the Leased Premises as of the Lease and Option Effective Date and for the duration of the 166th/Moore Streets Properties Lease Term "AS IS," "WHERE IS," and "WITH ALL FAULTS" without any representation or warranty of Lessor as to the physical condition of the

Leased Premises. Lessor makes no covenant, warranty, or representation as to the suitability of the Leased Premises for the uses permitted by this Lease and Option Agreement, or respecting the condition of the soil, subsoil, structures, or Improvements that constitute the Leased Premises, and Lessor shall not be responsible for any land subsidence, slippage, soil instability, structural defect, or damage resulting therefrom. Except for the Public Improvements to be completed as set forth in the AH/F/DDA, Lessor shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on, under or about the Leased Premises to comply with any law or otherwise during the 166th/Moore Streets Properties Lease Term. By taking possession of the Leased Premises, Lessee thereby acknowledges that the Leased Premises are in good and tenable condition for the purposes authorized and intended hereby and that Lessee shall not hold Lessor responsible for any repairs or improvements thereon except as may be expressly set forth by the AH/F/DDA or this Lease and Option Agreement.

4.3 Right to Quiet Enjoyment. So long as Lessee is not in default beyond any applicable notice and cure periods of this Lease and Option Agreement during the 166th/Moore Streets Properties Lease Term, Lessee may lawfully and peaceably hold, occupy, and enjoy the Leased Premises without disturbance, interruption, or hindrance by Lessor, or any person or entity claiming by or through Lessor.

4.4 Surrender of Leased Premises.

4.4.1 Surrender if No Exercise of Option. Unless Lessee exercises the Option in accordance with this Lease and Option Agreement, Lessee shall, upon the expiration or early termination of the 166th/Moore Streets Properties Lease Term, peaceably yield up and surrender the Leased Premises, and all Improvements and fixtures (except Lessee FF&E) thereon and therein, to Lessor in good order, repair, and condition, reasonable wear and tear and damage from casualty excepted.

4.4.2 Holdover Tenancy. In the event that Lessee continues in possession of the Leased Premises after the termination of the 166th/Moore Streets Properties Lease Term without having exercised the Option in accordance with this Agreement, and Lessor expressly or impliedly consents to the continued possession, such holding over shall be deemed a tenancy from month to month subject to all of the terms and conditions of this Lease and Option Agreement. Lessee shall pay the Moore Street Property Rent in the same manner and on the same basis as was in effect immediately prior to such holding over; provided, however, that Lessor expressly reserves the right to adjust the Moore Street Property Rent at any time during the holdover period to a monthly rate that may be up to but not exceed the fair market rental value of the Leased Premises as determined by an independent appraisal, performed by an appraiser of Lessor's choosing. Lessor shall have the right upon no less than thirty (30) days prior written notice to Lessee to either (i) modify the terms and conditions of Lessee's leasehold interest (including but not limited to an adjustment in the amount of rent), or (ii) terminate the month to month tenancy during the holdover period. In the event that Lessor terminates the month to month tenancy during any holdover period, Lessee shall peaceably yield up and surrender the Leased Premises, and all Improvements and fixtures (except Lessee FF&E) thereon and therein, to Lessor in good order, repair, and condition, reasonable wear and tear and damage from casualty excepted. No holding over by Lessee, whether with or without Lessor's consent, shall operate to extend the 166th/Moore Streets Properties Lease Term.

4.4.3 Abandonment. Upon taking possession of the Leased Premises as authorized herein and for the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall not abandon or vacate the Leased Premises at any time. If Lessee shall abandon, vacate or otherwise surrender the Leased Premises as proscribed in this Section, or be dispossessed (other than dispossession as the result of a Substantial Taking or a Taking and subject to Article 15 below, damage or destruction from casualty, or events of force majeure) thereof by process of law or otherwise, the same shall constitute a default under this Lease and Option Agreement on the part of Lessee and, in addition to any other remedy available on the part of Lessor, any of Lessee's property left in, upon or about the Leased Premises shall, at Lessor's option, be deemed to be abandoned and shall become the property of Lessor.

5. TAXES AND ASSESSMENTS.

5.1 Notice of Possessory Interest. In accordance with California Revenue and Taxation Code Section 107.6(a), Lessor notices Lessee that by entering into this Lease and Option Agreement, a possessory interest subject to assessment and collection of property taxes may be created. Lessee or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. If possessory interest taxes are assessed, Lessee agrees it is responsible for payment thereof and Lessor has no obligation or liability of any kind or nature relating to payment of property taxes. Lessee shall, at its sole cost and expense, seek exemption from, or contest the payment of, assessments and the collection of property taxes pursuant to Revenue and Taxation Code Section 214, or a successor statute. During the pendency of such contest or request, Lessee's non-payment of assessments or taxes when due shall not constitute a default hereunder if (i) the validity of such assessments and taxes are actively contested in good faith and by appropriate proceedings, (ii) Lessee has demonstrated to Lessor's reasonable satisfaction that leaving such assessments or taxes unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such assessments or taxes or otherwise impair Lessor's interest in the Property, (iii) Lessee has furnished Lessor with a bond or other security satisfactory to Lessor in an amount not less than 100% of the applicable claim (including interest and penalties) and (iv) upon the final disposition of such proceedings, Lessee shall promptly pay all taxes and assessments then due, inclusive of any unpaid accrued penalties and interest. Lessor is a tax exempt public entity and no property taxes will be or are legally assessable against its fee interest.

5.2 Payment of Taxes. Subject to any applicable exemptions and the right to contest, Lessee is responsible for and shall pay the real property and/or possessory interest taxes applicable to the Leased Premises during the 166th/Moore Streets Properties Lease Term. All such payments shall be made prior to the delinquency date of such payment. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid or that an exemption from such taxes has been obtained. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the 166th/Moore Streets Properties Lease Term, Lessee's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which the 166th/Moore Streets Properties Lease Term as defined in this Lease and Option Agreement shall be in effect, and Lessor shall reimburse Lessee to the extent required. If Lessee shall fail to pay any such taxes, Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor within ten (10) days after written demand from Lessor.

5.3 Definition. As used herein, the term "real property tax" shall include any form of real estate tax or assessment (including, without limitation, on possessory interests), general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income, or estate taxes) imposed on the Leased Premises or any interest (including, without limitation, possessory interests) therein by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor or Lessee in the Leased Premises or in the real property of which the Leased Premises are a part. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed as a result of a transfer, either partial or total, of Lessor's interest in the Leased Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (iv) which is imposed by reason of this lease transaction, any modifications or changes hereto, or any transfers hereof.

5.4 Personal Property. For the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall pay prior to delinquency all taxes assessed against and levied upon any furniture, fixtures, and equipment, machinery or other similar personal property purchased or installed by Lessor as part of the Public Improvements for the Leased Premises (as set forth in the AH/F/DDA as part of the Public Improvements to be completed), and Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee FF&E located on the Leased Premises.

5.5 Apportionment. If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee not later than the later of (a) thirty (30) days after receipt of a written statement setting forth the taxes applicable to Lessee's property or (b) fifteen (15) days prior to the date said taxes are due and payable.

6. UTILITIES AND SERVICES.

6.1 Lessee Obligation for Payment. Lessee shall timely pay when due any and all utility charges and fees, however described, for water, gas, heat, electricity, telephone, sewer, trash collection and recycling, storm drain and water quality, cable television, internet, and telecommunications services, and any other utility services provided to or for the benefit of the Leased Premises. To the extent the Leased Premises have separate water, gas, and electric meters, Lessee's charges for said utilities shall be measured therefrom. Lessee shall have a separate telephone account, and said utility charges shall be measured therefrom. Lessee shall contract for regular trash collection services for the Leased Premises, with pick-up no less than six (6) days per week. To the extent the Leased Premises do not have the means to measure Lessee's usage of any utility separately from the usage of Lessor or other tenants at or occupants of the Property (if any), Lessee shall pay the portion of that utility usage based upon the percentage of square feet occupied by the Leased Premises compared to the total square footage of the useable commercial space on the Property or based upon such other method of allocation

as may be reasonably determined by Lessor to be fair and appropriate based upon Lessee's proportionate usage.

6.2 Service Interruption; No Lessor Liability. So long as Lessor does not default in the performance of its obligations and duties hereunder, Lessor shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Leased Premises, and no such failure or interruption, unless protracted greater than forty-eight (48) hours and due to solely Lessor's active negligence or willful misconduct, shall entitle Lessee to an abatement of the Moore Street Property Rent or other amounts due hereunder.

7. USE OF LEASED PREMISES.

7.1 Use of Property. The Leased Premises shall be used for warehouse and kitchen purposes to service the District, and related uses thereto, and for no other purpose.

7.2 Prohibited Uses. Lessee shall not use or permit the use of the Leased Premises, nor bring or keep or permit to be brought or kept on the Leased Premises, anything which: (i) is prohibited by or in conflict with any federal, state, or local law or regulation; (ii) is prohibited by the standard form of fire insurance policy or other insurance policy pertaining to the Leased Premises; and (iii) will increase the existing rate of or affect fire or other insurance for the Improvements (including but not limited to the office building) on the Property or the contents therein, or cause a cancellation of any insurance policy covering the Improvements (including but not limited to the office building) on the Property or the contents therein. Lessee shall not use or permit the use of the Leased Premises in any manner that would violate the environmental requirements as provided in this Lease and Option Agreement.

7.3 Nondiscrimination by Lessee. Lessee covenants by and for itself and its heirs, executors, administrators and assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions:

(a) 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.

(b) Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subsection (a) above shall be

construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above.

8. MAINTENANCE AND REPAIRS OF LEASED PREMISES.

8.1 General Obligations of Lessee. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Street Property Lease Term (and any holdover period), Lessee shall maintain or cause to be maintained the Leased Premises in good condition and repair consistent with similarly improved real property in the City of Cerritos and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Lessee shall at its sole expense maintain the Leased Premises (which shall including without limitation the roof, interior ceilings, interior and exterior walls of the portion of the Improvements (including but not limited to the building) within or immediately adjacent to the Leased Premises, the electrical, plumbing, and heating, ventilation, and air conditioning ("HVAC") systems within or servicing the Leased Premises, the building foundation serving the Leased Premises, and structural supports for those portions of the Improvements (including but not limited to the building) leased to Lessee and/or immediately adjacent to the Leased Premises), and all other Improvements, furniture, fixtures, equipment, and personal property located on or within the Leased Premises in a first-class condition, and in good order and repair, free of litter and trash, reasonable wear and tear and casualty damage excepted. Lessee shall maintain all landscaping, potted plants, and other live plants in and about the Leased Premises in a healthy, pruned, and neat condition, and Lessee shall promptly remove and replace any dead or diseased plants. Lessee shall maintain and repair any parking areas, driveways, private streets, sidewalks, pathways, and other surface areas in and about the Leased Premises used for vehicular and pedestrian ingress, egress, and access, and Lessee shall repave and repair at its own cost and expense all asphalt, pavement, concrete and other material used for said purposes in and about the Leased Premises. Lessee shall keep the Leased Premises free from all graffiti and any accumulation of debris or waste material upon the completion of the Public Improvements on the Property. Lessee shall make all repairs and replacements necessary to keep the Leased Premises in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping.

8.2 Prompt Repairs. Lessee shall be responsible for the day-to-day maintenance and repair of the Leased Premises and all portions thereof, including, without limitation, all of Lessee's FF&E, the exterior and interior windows, all Lessee signs, door and window locks and closing devices, and all window sashes, casements or frames, doors and door frames, floor coverings, including carpeting, and other special flooring. Lessee shall promptly replace all broken glass, both exterior and interior, with glass of the same kind, size, and quality.

8.3 Lessor Right to Enforce Maintenance and Repair Obligations. In the event that Lessee breaches any of the covenants contained in this Article or this Agreement concerning its maintenance and repair obligations, and such default continues for a period of five (5) days

after written notice from Lessor (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Lessor (with respect to building improvements), then Lessor in addition to whatever other remedy it may have at law or in equity shall have the right to enter upon the Leased Premises and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Lessor shall be permitted (but not required) to enter upon the Leased Premises and perform all acts and work necessary to protect, maintain, and preserve the Leased Premises and landscaped areas therein, and to charge Lessee as additional rent the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation and/or costs of such cure. Lessee shall pay Lessor for any and all costs incurred by Lessor for the maintenance and repair of the Leased Premises no later than thirty (30) days after delivery to Lessee by Lessor of a bill or invoice for the same.

8.4 No Lessor Obligation. Except as expressly set forth in this Lease and Option Agreement, Lessor shall have no responsibility for the maintenance or repair of the Leased Premises or any Improvements, furniture, fixtures, equipment, or personal property located thereon or therein. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee hereby expressly waives all rights to make repairs at the expense of Lessor or instead to vacate the Leased Premises, and Lessee further waives the provisions of Civil Code Sections 1941 and 1942 with respect to Lessor's obligations under this Lease and Option Agreement.

9. STRUCTURAL ALTERATIONS TO LEASED PREMISES.

9.1 Public Improvements on Property. Lessor shall perform or cause to be performed to completion the Public Improvements on the Property in accordance with the AH/F/DDA.

9.2 No Lessee Alterations Without Lessor Approval. From and after the date that Lessor completes the Public Improvements on the Property as provided for in the AH/F/DDA and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee shall not make or permit any other structural additions, alterations, or improvements (collectively, "Alterations") to the Leased Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed (unless this Lease and Option Agreement otherwise reserves Lessor's approval in its sole and absolute discretion). Nothing set forth in this Article or Agreement is intended or shall be interpreted to limit or restrict Lessor's exercise of its police powers, including the consideration and approval of required applications for development and building entitlements.

9.3 Pre-Approved Alterations. Lessor hereby pre-approves the following Alterations: (i) the installation of Lessee FF&E that does not affect the electrical, plumbing, and heating, ventilation, and air conditioning ("HVAC") systems (or any other utility systems) within or servicing the Leased Premises; (ii) the installation of Lessee FF&E that has no impact on and does not affect the structural support for those portions of the Improvements (including but not limited to the building) that are part of the Leased Premises; (iii) the repainting, re-carpeting, or re-flooring of the Leased Premises so long as such work is of the same quality and type as

originally installed on the Leased Premises; and (iv) Alterations in the amount of five thousand dollars ($5,000.00) or less and have no impact on or affect the structural support for those portions of the Improvements (including but not limited to the building) that are part of the Leased Premises.

9.4 Procedure for Performing Alterations. Lessee shall give Lessor no less than thirty (30) days' prior written notice before any Alterations (whether or not requiring Lessor approval) on the Leased Premises are undertaken by or on behalf of Lessee. Any Alterations, whether or not requiring Lessor's approval, shall be made at Lessee's sole cost and expense and in accordance with the following: (i) such work, including, without limitation, Lessee's final working drawings, plans, specifications, and choice of contractors, subcontractors, and suppliers shall be subject to the continuing approval of Lessor, which information shall be furnished to Lessor for review and approval before the work is commenced, and any work not acceptable to the appropriate governmental entity or not reasonably satisfactory to Lessor shall be promptly replaced at Lessee's expense; (ii) notwithstanding any failure by Lessor to object to any such work, Lessor shall not be responsible therefor; (iii) such work shall not adversely affect the outside appearance and strength of the Leased Premises and the Improvements (including the building structure) on the Property, or the mechanical, electrical, and plumbing services and equipment thereof; (iv) such work shall not alter, add to, or otherwise change the exterior of the Leased Premises or the Improvements on the Property without Lessor's prior written consent, which may be withheld or conditioned in Lessor's sole and absolute discretion; (v) such work shall not cause or create a dangerous or hazardous condition and shall not interfere with or disturb tenants, subtenants, or other occupants (if any) of the Property; (vi) Lessee shall cause all such work to be performed in such a manner as not to obstruct the access to the Leased Premises, the Property Common Area, the Property, or any portion thereon or thereof; (vii) such work shall be done in a good and workmanlike manner and in compliance with all applicable legal requirements and shall be diligently prosecuted to completion; (viii) Lessee's contractor or each of its subcontractors shall be bonded with sureties satisfactory to Lessor in an amount sufficient to ensure full performance of the work to be done by Lessee and to ensure full payment to all materialmen; (ix) Lessee and its contractor and subcontractors shall carry such worker's compensation, general liability and personal and property damage insurance as Lessor may reasonably require; (x) such insurance shall be adequate to protect Lessor and shall name City and Agency (and their respective officers, officials, members, directors, employees, representatives, agents, and volunteers) as additional insureds; (xi) Lessee shall defend, indemnify, and hold harmless City and Agency and their respective officers, officials, members, directors, employees, representatives, agents, and volunteers (all of the foregoing being collectively referred in this Section as the "Indemnitees") from and against any and all claims, actions, damages, liabilities, and expenses (including, without limitation, attorneys' fees) directly or indirectly arising out of or incurred in connection with, and any and all claims, demands, suits, actions for or in relation to, wages or cost of materials or equipment used in connection with, additions, alterations and improvements made or caused to be made by Lessee; and (xii) Lessor shall have the right at all reasonable times to post and keep posted on the Leased Premises any notice that may be provided by law which Lessor may deem necessary or advisable for the protection of Lessor and the Leased Premises from mechanics' lien or stop notice claims. The restrictions contained in this Section with respect to Lessee's contractors, subcontractors, and suppliers shall apply regardless whether such persons or entities are employees or agents of, or otherwise affiliated with Lessee.

9.5 Mechanic's Liens. Notwithstanding the fact that the Property is owned by a public entity, Lessee shall do all things reasonably necessary to prevent the filing of any mechanics' liens or other liens against the Leased Premises, or any part thereof, by reason of work, labor, services, or materials supplied or claimed to have been supplied to Lessee or anyone holding the Leased Premises, or any part thereof, through or under Lessee. Without limiting the generality of the foregoing, Lessee shall record a notice of completion promptly upon the completion of any such work, labor, services or supplying of materials, in the manner permitted by law. If any such lien shall at any time be filed, Lessee shall promptly notify Lessor of same and shall either cause the same to be discharged of record within twenty (20) days after the date of filing the same, or, if Lessee, in its discretion and good faith, determines that such lien should be contested, it shall furnish such security as may be required by law to prevent any foreclosure proceedings against the Leased Premises, or any part thereof, or Lessee's interest therein, during the pendency of such contest. If Lessee shall fail to discharge such lien within such period or fail to furnish such security, then, in addition to all other rights or remedies, Lessor may, but shall not be obligated to, discharge the same no sooner than five (5) days after delivery of written notice to Lessee (and assuming Lessee has not cured its default within that period of time) (i) by paying the amount claimed to be due, (ii) by procuring the discharge of such lien by deposit in court, (iii) by giving security, or (iv) in such other manner as is, or may be, prescribed by law. Any amount paid by Lessor for any of the aforesaid purposes, including all reasonable attorney's fees to procure the discharge of such lien with all necessary disbursements in connection therewith, with interest thereon at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, from the date of payment, shall be repaid by Lessee to Lessor on demand. Nothing herein contained shall imply any consent or agreement on the part of Lessor to subject the Leased Premises, or any part thereof, to liability under any mechanics' lien law.

10. OWNERSHIP OF IMPROVEMENTS AND ALTERATIONS ON LEASED PREMISES.

10.1 Ownership of Lessee FF&E by Lessee. Except to the extent that Lessee FF&E is subject to the provisions of Section 10.2 of this Agreement, from the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee FF&E shall constitute personal property of the Lessee and shall be and remain the property of Lessee. Lessee shall have the right to remove any and all Lessee FF&E at any time until the expiration of the 166th/Moore Streets Properties Lease Term, and Lessee shall remove from the Leased Premises all such items of property prior to the termination of the 166th/Moore Streets Properties Lease Term unless Lessee exercises the Option pursuant to this Agreement, in which case Lessee may keep all such items of property on the Leased Premises after the 166th/Moore Streets Properties Closing Date. Lessee may also remove any signs containing Lessee's name, trademark, symbol, logo, or design regardless of whether same are attached or affixed to the real property and regardless of their characterization as real or personal property or fixtures under law. Lessee shall repair promptly any damage to the Leased Premises or Property caused by the removal of Lessee FF&E or any other property removed by Lessee, and Lessee's obligation to repair any said damage shall survive the expiration or early termination of the 166th/Moore Streets Properties Lease Term.

10.2 Ownership by Lessor of Permanent Fixtures and Building Systems. Any and all building or structural improvements and trade fixtures permanently affixed to the Leased Premises shall immediately become and remain the property of Lessor upon installation onto the Leased Premises.

10.3 Basic Building Systems. For purposes of this Lease and Option Agreement, Lessee FF&E shall not include those major building components or fixtures necessary for operation of the basic building systems such as, but not limited to, the elevators, plumbing, sanitary fixtures, and central heating, ventilation, and air condition system(s).

10.4 Ownership at Expiration or Termination.

10.4.1 Property of Lessor. Upon the expiration or termination of the 166th/Moore Streets Properties Lease Term, all Improvements which constitute or are a part of the Leased Premises shall revert (without the payment of compensation to Lessee or others) to and be the property of Lessor. Upon the request of Lessor, Lessee shall quitclaim to Landlord any and all rights, interests and claims to the Improvements.

10.4.2 Unremoved Property. Upon the termination of the 166th/Moore Streets Properties Lease Term, any Lessee FF&E not removed by Lessee shall, without compensation to Lessee, become Lessor's property, free and clear of all claims to or against them by Lessee or any third person, firm or entity arising by, through or under Lessee.

10.5 Waste. Subject to the Alteration rights of Lessee and damage and destruction or condemnation of the Leased Premises or any part thereof, Lessee shall not commit or suffer to be committed any waste of the Property, Leased Premises, or any part thereof, or the Improvements or Lessee FF&E thereon.

11. PROPERTY COMMON AREA.

11.1 Definition. "Property Common Area" shall mean the portion(s) and area(s), if any, of the Property and Improvements thereon that are not reserved for the exclusive use and enjoyment by Lessor, Lessee, or other tenant or subtenant (if any). Property Common Area shall include parking areas, walkways, driveways, delivery passages, curbs, sidewalks, landscaped and planted areas, service areas, exterior and interior access ways and stairways, exterior and interior boundaries of the building(s) on the Property, retaining walls, paving, light fixtures, and other areas and non-building improvements that are not part of the Leased Premises, not part of any portion(s) or area(s) of the Property reserved for exclusive use and enjoyment by Lessor, and not part of any portion(s) or area(s) of the Property reserved for the exclusive use and enjoyment by other tenants or subtenants (if any). Lessor may make changes at any time in the size, shape, location, number, and extent of the Property Common Area (if any) provided such changes do not alter access, reduce parking, or adversely impact the Leased Premises or District's ability to conduct its business on the Property. No such change shall entitle Lessee to any abatement of the Moore Street Property Rent. Before instituting any such change in the Property Common Area (if any), Lessor shall notify Lessee thereof and consult with Lessee thereon, but Lessee's consent thereto shall not be required and Lessor may institute such change in its sole discretion.

11.2 Lessee Right to Use. Lessee and its employees, agents, and invitees shall be entitled to use the Property Common Area (if any) in common with Lessor and with other persons authorized by Lessor. Lessee's use of the Property Common Area shall not interfere with or impair the use and enjoyment of the Property by Lessor or other tenants or subtenants, and their employees, agents, and invitees, or any other member of the public who is lawfully on the Property. The rights of Lessee in and to the Property Common Area shall at all times be subject to the rights of Lessor and the other tenants and subtenants of the Property to use the same in common with Lessee. Lessor shall not be responsible to Lessee for the violation or nonperformance by any other tenant or subtenant of the Property for failure to observe Lessee's right to use and enjoyment of the Property Common Area. Lessee shall keep the Property Common Area free and clear of any obstructions created or permitted by Lessee or resulting from Lessee's use of the Leased Premises.

11.3 Control by Lessor. Lessor shall operate, manage, equip, police, insure, light, repair, clean, and maintain the Property Common Area (if any). Lessor may temporarily close the Property Common Area, or any portion or portions thereof, for repairs, maintenance, or alterations as may be required, provided such closure shall not interfere with the conduct of Lessee's administrative office operations and shall, if reasonably possible, be undertaken during Lessee's non-business hours. Lessor shall deliver to Lessee no less than thirty (30) days' prior written notice of any temporary closure, except that no notice shall be required if a temporary closure is caused by or in response to an emergency. Lessor shall at all times have exclusive control of the Property Common Area (if any) and may at any time restrain any use thereof, except as otherwise provided by law or in this Lease and Option Agreement. Lessor may at any time remove any unauthorized person from the Property Common Area or prohibit the use thereof by unauthorized persons. If, in the opinion of Lessor, unauthorized persons are using any of the Property Common Area by reason of the Lessee's rental of the Leased Premises, Lessee upon demand of Lessor shall remove such unauthorized persons by appropriate proceedings. Nothing herein shall affect the rights of Lessor at any time to remove any such unauthorized persons from the Property Common Area or to restrain the use of any of the Property Common Area by unauthorized persons.

12. SIGNAGE, LIGHTING, AND ADVERTISING.

12.1 Compliance with laws. Lessee shall comply with any and all applicable federal, state, and local laws and regulations, including but not limited to the City municipal code and permitting requirements, prior to installing or causing to be installed any lighting fixtures, shades, awnings, and exterior decorations (including exterior painting), and any sign, lettering, placard or similar advertisement or marker of destination.

12.2 Lessee Right to Install Signs for Administrative Offices. Lessee shall have the right to install or cause to be installed a reasonable number of signs, letterings, placards, and similar markers of destination on the Leased Premises (and with Lessor permission on the Property Common Area) so long as said signs are installed for and accomplish the purpose of providing notice to the general public of the location of the District's administrative offices and warehouse and kitchen facility. Lessee shall obtain Lessor's written approval of the design and material of said signs, which approval shall not be unreasonably withheld or delayed and shall be given so long as Lessee complies with City laws and regulations concerning approval of signs.

12.3 Lessor Approval for Additional Exterior Display Items. Lessee shall have the right, subject to obtaining Lessor's prior written approval which shall not be unreasonably denied, delayed, or conditioned, to (i) install or affix (or cause to be installed or affixed) to the exterior doors or windows of the Leased Premises lighting fixtures, shades, awnings, or exterior decorations (including exterior painting); and (ii) install or affix (or cause to be installed or affixed) to the exterior doors or windows of the Leased Premises or to the face of the building any sign, lettering, placards or the like that are not otherwise subject to the sign provisions set forth in Section 12.2 above.

12.4 Prohibited Activities. Lessee shall not, without Lessor's prior written approval which may be granted or denied in Lessor's sole and absolute discretion, do any of the following: (i) Cause or permit to be used any advertising materials or methods which are objectionable to Lessor or to any tenant, subtenant, user, or invitee to the Property, including without limitation, loudspeakers, mechanical or moving display devices, unusually bright or flashing lights, and similar devices, the effect of which may be seen or heard beyond the Leased Premises; (ii) Distribute or permit to be distributed any hand bills or other advertising matter in the Property Common Area or any parking area that may be part of the Leased Premises, unless the prohibition against distribution is expressly prohibited by law; (iii) Use any sign or advertising that is not of professional quality; and (iv) Place or suffer to be placed on the Leased Premises or any Improvement thereon (including but not limited to the roof, parking area, and landscaped area that are part of the Leased Premises) any billboard or other off-site commercial advertisement of any kind.

12.5 Maintenance. Lessee shall at all times maintain its windows and signs in a neat, clean and orderly condition. If, as to any sign exposed to the parking areas, public streets, or Property Common Area, Lessee shall fail to do so after twenty-four (24) hours' written notice from Lessor, Lessor may repair, clean, or maintain such exterior sign and the cost thereof shall be payable by Lessee to Lessor promptly upon demand as additional Moore Street Property Rent.

13. INSURANCE AND INDEMNITY.

13.1 Lessee Required Insurance. From the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period), Lessee shall procure and maintain in form and content satisfactory to Lessor the following insurance:

(a) Workers' Compensation insurance that complies with all applicable state laws and requirements;

(b) Comprehensive General Liability insurance with limits not less that Two Million Dollars ($2,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations. Lessor shall have the right at any time during the 166th/Moore Streets Properties Lease Term, not more frequently than once every three (3) years, to deliver written notice to Lessee requiring Lessee to increase the amount of such insurance policy(ies) so long as the required percentage increase in the coverage amount does not exceed the percentage increase

in the Consumer Price Index published by the United States Department of Labor (All Items) for the smallest geographic area within which the Leased Premises are located or are most proximate between the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and the date of Lessor's notice, and in such event Lessee shall procure the increased amount of insurance and provide proof of same to Lessor within thirty (30) days.

(c) Automobile Liability insurance (bodily injury and property damage liability) which coverage shall include owned, hired, and non-owned automobiles, with limits of liability of not less than Two Million Dollars ($2,000,000.00) combined single limit per accident for bodily injury and property combined.

(d) "All Risk" property insurance covering one hundred percent (100%) of the replacement cost of all Improvements (including but not limited to the building and structures) on the Leased Premises in the event of fire, lightening, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" property policies in the area where the Leased Premises are located (including loss by flood if the Leased Premises are in an area designated as subject to danger of flood).

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the City and Agency and respective officers, officials, members, directors, employees, representatives, agents and volunteers, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City and Agency and respective officers, officials, members, directors, employees, representatives, agents and volunteers, City and Agency respective insurers. All of the insurance policies required in this Section shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to City and Agency. In the event that any of the insurance policies required in this Section are canceled, Lessee shall obtain replacement insurance and shall deliver new evidence of said replacement insurance no later than thirty (30) days after the cancellation of any insurance policy required in this Section. Upon Lessor's written request, Lessee shall deliver to Lessor any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section, Lessee may satisfy the insurance required through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of the 166th/Moore Streets Properties Lease Term (and any holdover period) from and after the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement. In the event that Lessee has a self-insurance program or policy, Lessee shall deliver to Lessor no later than ten (10) days after the commencement of the 166th/Moore Streets Properties Lease Term evidence satisfactory to Lessor that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If Lessor reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Lessee shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

13.2 Lessor Insurance. In the event that, during all or any part of the 166th/Moore Streets Properties Lease Term, any portion of the Property Common Area is located in the building on the Property, Lessor shall maintain a policy or policies of property damage insurance for the Property building. Lessor shall only be responsible for maintaining insurance that covers physical damage to the building, and for no other purpose. The coverage amount for said insurance shall be not less than the full replacement cost of the Property building. Lessor shall also have the right, but not the obligation, to procure and maintain an insurance policy or policies covering other perils which may pose a potential material loss to the Property. The proceeds of such policy or policies procured and maintained pursuant to this Section shall be payable to Lessor.

13.3 No Activity to Increase Insurance Costs. Lessee shall not carry any stock or goods or do anything in, on, or about the Leased Premises at any time during the 166th/Moore Streets Lease Term which will in any way tend to increase the insurance rates or the risks against which Lessor maintains an insurance policy for the Property building. Lessee shall pay to Lessor forthwith upon demand the amount of any increase in premiums for insurance carried by Lessor for the Property building resulting from Lessee's acts or omissions, whether or not Lessor shall have consented to such acts or omissions on the part of Lessee.

13.4 Waiver of Subrogation. Lessor and Lessee each hereby waive, to the maximum extent permitted by law and any policies issued by their respective insurance companies, any and all rights of recovery against the other, or against the employees, agents, and representatives of the other, for loss of or damage to such waiving Party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Upon obtaining such insurance, Lessor and Lessee shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease and Option Agreement. Lessee shall obtain and furnish evidence to Lessor of the waiver of subrogation in favor of Lessor from all insurance carriers furnishing insurance hereunder.

13.5 Indemnity. In addition to any other indemnity provided for in this Lease and Option Agreement, during the entire 166th/Moore Streets Properties Lease Term:

(a) Lessor shall defend, indemnify, and hold harmless Lessee, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Lessor or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be discovered before or after termination of the 166th/Moore Streets Properties Lease Term and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Lessee.

(b) Lessee shall defend, indemnify, and hold harmless Lessor, and its respective officers, officials, members, employees, agents, representatives, and volunteers, from all claims, demands, damages, defense costs or liability of any kind or nature arising out of or relating to any acts or omissions of Lessee or its agents, employees, contractors, or representatives in the performance of this Agreement, whether such damage shall accrue or be

discovered before or after termination of the 166th/Moore Streets Properties Lease Term and whether or not such liability, loss, damage, costs, or expenses are covered by insurance, except to the extent such matters are caused by the sole active negligence or willful misconduct of Lessor.

(c) Any and all indemnity as provided in this Lease and Option Agreement shall survive the expiration or termination of the 166th/Moore Streets Properties Lease Term and/or termination of this Agreement. For any and all duties to defend as provided in this Lease and Option Agreement, Lessor shall so defend Lessee with counsel of Lessee's choosing, and Lessee shall so defend Lessor with counsel of Lessor's choosing.

14. DAMAGE OR DESTRUCTION TO LEASED PREMISES.

14.1 Damage or Destruction Prior to Lessee Having Right to Use and Occupy Leased Premises. If any existing Improvements on the Property are damaged or destroyed prior to the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement, and Lessee is not otherwise in default of this Lease and Option Agreement or the AH/F/DDA or otherwise responsible for said damage or destruction, Lessor shall, at its sole cost and expense, restore such Improvements to substantially the same condition immediately prior to the damage or destruction if the cost of restoration will be covered in total by Lessor's insurance (or self-insurance program). In all other circumstances causing any damage or destruction to the existing Improvements on the Property prior to the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement, Lessor may in its reasonable discretion refrain from restoring the Improvements and suspend Lessor's obligation to complete the Public Improvements (as defined in the AH/F/DDA) on the Property. For purposes of this Section, the Parties agree that Lessor will be acting within reasonable discretion if Lessor decides not to restore the Improvements because the costs incurred by City and/or Agency to accomplish such restoration would increase the total costs of the Public Improvements (as specified in the AH/F/DDA) by one-half of one percent (1/2 of 1%) or more. In the event that Lessor decides not to restore the damaged or destroyed Improvements on the Property as authorized herein, Lessor and Lessee no later than sixty (60) days after said decision by Lessor shall meet and confer in good faith to attempt to establish a plan that would accomplish the relocation of the District's administrative offices and kitchen/warehouse facilities to an alternative site(s) so that the Norwalk Boulevard Property may be used for the Senior Affordable Residential Complex, Senior Center, and Park (as contemplated in the AH/F/DDA) in a manner that does not increase the costs and expenses for all of the actions contemplated in the AH/F/DDA by more than one-half of one percent (1/2 of 1%) of the total amounts to be expended by the Parties for the duration of the "Term of Agreement" as defined in Section 1.4 of the AH/F/DDA. In the event that Lessor and Lessee cannot establish a plan to accomplish all of the actions contemplated by the AH/F/DDA within the cost limitations set forth in this Section, either Party shall have the right to terminate this Lease and Option Agreement. In the event that Lessor terminates this Lease and Option Agreement as provided in this Section, Lessee shall have the right to terminate the Ground Lease (as provided herein and therein) and the AH/F/DDA if Lessee demonstrates with specific evidence that Lessee's administrative offices and kitchen/warehouse must remain on the Norwalk Boulevard Property because no alternative site(s) is available.

14.2 Damage or Destruction After Lessee Has Taken Occupancy. Provided Lessor is not in default of this Lease and Option Agreement or the AH/F/DDA, if the Leased Premises or any portion thereof is damaged or destroyed between the date upon which Lessee may use and occupy the Leased Premises as provided in Section 2.5 of this Agreement and the expiration of the 166th/Moore Streets Properties Lease Term, and (a) the cost of restoration is Five Hundred Thousand Dollars ($500,000.00) or less, or (b) the cost of restoration is more than Five Hundred Thousand Dollars ($500,000.00) and the amount of insurance maintained by Lessee (together with the amount of any deductible or self-insured retention) is adequate to pay the full cost of restoration, then Lessee shall at its sole cost and expense restore the damaged or destroyed Leased Premises or portion thereof to substantially the same condition (subject to then applicable federal, state, and local laws and regulations) immediately prior to such damage or destruction. If the cost of such restoration is more than Five Hundred Thousand Dollars ($500,000.00) and such damage or destruction is not covered by the insurance maintained by Lessee (which determination of coverage shall include the cost of any deductible or self-insured retention amount), then Lessee may, within ninety (90) days following the date of such damage or destruction, elect to: (i) at its sole cost and expense, restore the Leased Premises to substantially the same condition it was in immediately prior to such damage or destruction (subject to then applicable federal, state, or local laws and regulations); or (ii) terminate this Lease and Option Agreement for the remainder of the 166th/Moore Streets Properties Lease Term. In the event that Lessee elects to terminate as provided in clause (ii) above, Lessor and Lessee no later than sixty (60) days after said decision by Lessor shall meet and confer in good faith to attempt to establish a plan that would accomplish the relocation of the District's administrative offices and kitchen/warehouse facilities to an alternative site(s) so that the Norwalk Boulevard Property may be used for the Senior Affordable Residential Complex, Senior Center, and Park (as contemplated in the AH/F/DDA) in a manner that does not increase the costs and expenses for all of the actions contemplated in the AH/F/DDA by more than one-half of one percent (1/2 of 1%) of the total amounts to be expended by the Parties for the duration of the "Term of Agreement" as defined in Section 1.4 of the AH/F/DDA. In the event that Lessor and Lessee cannot establish a plan to accomplish all of the actions contemplated by the AH/F/DDA within the cost limitations set forth in this Section, either Party shall have the right to terminate this Lease and Option Agreement. In the event that Lessee terminates this Lease and Option Agreement as provided in this Section, then (i) Lessee shall demolish and remove all damaged or destroyed Improvements and Lessee FF&E from the Property that has suffered the damage or destruction; and (ii) Lessor shall have no obligation to assist, pay for, or reimburse Lessee for any costs or expenses incurred in connection with any finding, relocation, or provision of an alternative site(s) for the District's administrative offices and kitchen/warehouse facilities. Lessee's obligations to restore the Property as provided in this Section shall survive any termination of the 166th/Moore Streets Properties Lease Term.

14.3 Procedure for Terminating Lease Term; Right to Restore Leased Premises; No Lessor Obligation. In the event that Lessee elects to terminate this Lease and Option Agreement as provided in clause (ii) of Section 14.2 above, and Lessee elects not to exercise the Option pursuant to this Agreement, the following shall apply:

(a) No later than thirty (30) days prior to the date upon which Lessee intends to terminate this Lease and Option Agreement, Lessee shall deliver to Lessor written notice of Lessee's intent to terminate prior to the expiration of the 166th/Moore Streets

Properties Lease Term. If, within said thirty (30) day period, Lessor in its sole and absolute discretion delivers to Lessee written notice of Lessor's election to restore or cause the restoration of the damaged or destroyed Leased Premises or portion thereof, this Agreement shall not terminate. Lessor shall thereafter, at its sole cost and expense (which may include any available insurance or self-insurance proceeds that cover the risk suffered by the damaged or destroyed Leased Premises), provide the funds necessary to restore the damaged or destroyed Leased Premises or portion thereof.

(b) Nothing in this Lease and Option Agreement shall obligate or be interpreted as obligating Lessor to pay for the restoration of the damaged or destroyed Leased Premises or any portion thereof. In the event that Lessor elects not to pay for the restoration of the damaged or destroyed Leased Premises or portion thereof, and this Lease and Option Agreement terminates, Lessor shall have no obligation to assist Lessee or pay for any costs incurred by Lessee for any temporary or permanent replacement site for Lessee's operations that were conducted in the Leased Premises prior to the damage or destruction.

14.4 Rent Abatement. In the event that the Leased Premises (or portion thereof) are rendered unusable for a period of two (2) months or more from the date of the damage or destruction, and this Lease and Option Agreement has not been terminated, Lessee shall have the right to a rental abatement for the duration of the period for which the Leased Premises (or portion thereof) are unusable. In such an event, the Moore Street Property Rent shall be reduced by the percentage of the total usable square footage of the Leased Premises rendered unusable.

14.5 Commencement and Completion of Restoration. Restoration of the damaged or destroyed Leased Premises as required or permitted in this Article shall commence no later than ninety (90) days after the later of: (i) the event that caused the damage or destruction; or (ii) the date such insurance proceeds are made available for said restoration. Upon commencement of the restoration, work shall be diligently pursued to completion.

15. EMINENT DOMAIN.

15.1 Rights Covered during Lease Term**.** In the event of any "Taking" (as herein defined) of the Leased Premises or portion thereof during the 166th/Moore Streets Propety Lease Term, the rights of Lessor and Lessee shall be governed by this Article 15. In the event that Lessee exercises the Option and the 166th/Moore Streets Properties Escrow has closed, the provisions in this Article shall not govern, and Lessee shall have any and all rights available to it as owner in fee of the Property should any condemnation proceedings commence thereon.

15.2 Notice. Lessor and Lessee shall promptly give written notice to the other upon learning that any person or entity has commenced condemnation proceedings with respect to the Leased Premises or portion thereof or interest therein, or has threatened to commence such proceedings.

15.3 Partial Taking. In the event of a Partial Taking of the Leased Premises, this Lease and Option Agreement shall remain in force and effect as to the portion of the Leased

Premises not taken, except that the Moore Street Property Rent otherwise payable hereunder shall be reduced in an amount to be agreed upon between Lessor and Lessee or, in the absence of such agreement, by judicial determination by a court authorized to resolve disputes as provided in this Agreement. In the event of a Partial Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Leased Premises taken; (ii) Second, to Lessee in an amount necessary to restore, repair and reconfigure any portion of the Leased Premises affected by the Partial Taking, and/or to compensate Lessee for any costs attributable to the relocation and/or acquisition of replacement property for the Leased Premises, and/or to compensate Lessee for the loss of revenue (if any) anticipated to be produced for the balance of the 166th/Moore Street Property Lease Term as a result of the Partial Taking; and (iii) Third, to Lessor in an amount to compensate Lessor for the loss of future Moore Street Property Rent from Lessee as a result of the Partial Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid Moore Street Property Rent, multiplied by a percentage that equals the percentage of usable square feet of the Partial Taking area compared to the usable square feet of the entire Leased Premises prior to the Partial Taking, multiplied by the number of years remaining (and prorated portion thereof) for the 166th/Moore Streets Properties Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Lessee.

15.4 Total Taking. In the event of a Total Taking of the Leased Premises, this Lease and Option Agreement shall terminate with respect to the taken property as of the date of the Taking; provided, however, that such termination shall not preclude Lessee from making all claims against the condemning authority as though the Agreement for the taken Leased Premises had not been terminated. In the event of a Total Taking, any Condemnation Award shall be payable as follows: (i) First, to the payment of any taxes, assessments, charges, or other fees constituting a lien on the portion of the Leased Premises taken; (ii) Second, to Lessee in an amount necessary to compensate Lessee for any costs attributable to the relocation and/or acquisition of replacement property for the Leased Premises, and/or to compensate Lessee for the loss of revenue (if any) anticipated to be produced for the balance of the 166th/Moore Streets Properties Lease Term as a result of the Taking; and (iii) Third, to Lessor in an amount to compensate Lessor for the loss of future Moore Street Property Rent from Lessee as a result of the Taking, with said amount for future rent to be calculated based upon the amount of the most recently paid Moore Street Property Rent, multiplied by a percentage that equals the percentage of usable square feet of the Partial Taking area compared to the usable square feet of the entire Leased Premises prior to the Partial Taking, multiplied by the number of years remaining (and prorated portion thereof) for the 166th/Moore Streets Properties Rent Payment Term; and (iv) Fourth, the balance of the Condemnation Award, if any, shall be paid to Lessee.

16. ENVIRONMENTAL.

16.1 No Use of Hazardous Materials on the Leased Premises**.** For the duration of the 166th/Moore Streets Properties Lease Term, Lessee shall not treat, use, store, dispose, release, handle or otherwise manage Hazardous Materials on the Leased Premises and Property (or portion thereof), and shall not allow or permit the treatment, use, storage, disposal, release, handling, or other management of Hazardous Materials on the Leased Premises and Property (or portion thereof), except in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws, including all Environmental

Laws. Lessee's violation of the foregoing prohibition shall constitute a breach hereunder. Except for Hazardous Materials first brought onto the Leased Premises or Property by Lessee after the commencement of the 166th/Moore Streets Properties Lease Term, in violation of Environmental Laws, neither the presence of Hazardous Materials on the Leased Premises as of the commencement of the 166th/Moore Streets Properties Lease Term nor the presence of Hazardous Materials on the Leased Premises after the commencement of the 166th/Moore Streets Properties Lease Term shall constitute a breach by Lessee of any representation, warranty and covenant contained herein or in the AH/F/DDA, and to the extent the presence of such Hazardous Materials requires remediation, the costs of such remediation shall be borne by Lessor, rather than Lessee.

16.2 Notice and Remediation by Tenant**.** Lessee shall promptly give the Lessor, and Lessor shall give the Lessee, written notice of any notices, demands, claims or orders received by Lessee from any governmental agency pertaining to Hazardous Materials which may affect the Leased Premises or Property.

16.3 Indemnity by Lessee. In addition to any other indemnity provided in this Lease and Option Agreement or the AH/F/DDA, Lessee hereby agrees to and shall indemnify, hold harmless, and defend (with counsel of Lessor's choosing) Lessor and its officers, officials, employees, and agents from and against all liability, loss, damage, costs, penalties, fines, or expenses (including attorney's fees and court costs) arising out of or in any way connected with (i) Lessee's breach or violation of any covenant, prohibition, or warranty concerning Hazardous Materials on the Leased Premises or Property, or (ii) the release, storage, or transfer, or threatened release, storage, or transfer, of any Hazardous Materials in, on, under, from, or about the Leased Premises or Property, whether such condition, liability, loss, damage, cost, penalty, fine or expense shall accrue or be discovered during the 166th/Moore Streets Properties Lease Term or after the termination of this Lease and Option Agreement. The indemnification provided in this Section shall survive the termination of this Agreement.

17. ASSIGNMENT AND SUBLETTING.

17.1 Transfer and Assignment by Lessee**.** Lessee shall not: (i) transfer or assign all or any part of this Lease and Option Agreement without the prior written consent of Lessor; and (ii) make a total or partial transfer or assignment of all or any portion of Lessee's right, title, and interest in the Leased Premises without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. As used in this Agreement, "transfer or assign" includes subleasing and subletting.

17.2 Successor Assumption of Obligations. In the event that Lessee seeks to transfer or assign this Lease and Option Agreement or Lessee's leasehold interest in the Leased Premises (or any portion thereof), Lessee shall deliver to Lessor written notice requesting approval of the transfer or assignment. No transfer or assignment of this Lease and Option Agreement or Lessee's leasehold interest in the Leased Premises shall be effective unless and until the proposed transferee or assignee and Lessee execute and deliver to Lessor an agreement (in a form acceptable to Lessor and Lessor's legal counsel) assuming the obligations of the assignor/transferor which have been assigned or transferred. Lessee shall be released from any

further liability under this Lease and Option Agreement as of the effective date of any such approved agreement.

17.3 Exercise of Option. In the event that Lessee exercises the Option pursuant to this Lease and Option Agreement, the prohibitions on transfers and assignments set forth in this Lease and Option Agreement shall cease and no longer be in force on and after the 166th/Moore Streets Properties Escrow Closing Date.

18. OPTION TO PURCHASE PROPERTY.

18.1 Grant of Option. Optionor grants to Optionee an option to purchase the Property pursuant to the terms and conditions set forth in this Lease and Option Agreement (the "Option").

18.2 Option Term. The term of the Option shall commence on the Relocation Completion Date and shall expire at 5:00 p.m. (Pacific Standard Time) on the date that is five (5) years after the Certificate of Occupancy Seventy Percent Date (the "Option Term").

18.3 Consideration for Option. Optionee shall pay as consideration for the Option One Dollar ($1.00) per year (the "Option Consideration") for the length of the Option Term, which amount shall be due and payable on January 1 for the current year of the Option Term. Optionee shall have the right to pre-pay Optionor the total amount of consideration that will be due and payable by the end of the Option Term.

18.4 Option Conditions. In the event that this Lease and Option Agreement is not sooner terminated, Optionor's obligation to proceed with the sale of the Property shall be conditioned upon the satisfaction or written waiver by Optionor in its sole and absolute discretion of each an every one of the conditions (a) through (d) below, inclusive (collectively, the "Option Conditions"), which are solely for the benefit of Optioner, and Optionee shall perform each and every Option Condition within the time period(s) stated herein:

(a) Purchase and Sale Agreement. Concurrently with the Notice of Exercise of Option, Optionee shall delivered to Optioner's designated legal counsel two (2) executed originals of Purchase and Sale Agreement (Moore Street Property) in a form that substantially conforms to that of Attachment "3" to this Lease and Option Agreement.

(b) Payment of Rent and Option Consideration. Optionee shall have timely paid all Option Consideration to Optionor at the time of exercising the Option in accordance with this Article, and Optionee shall have paid or is ready and able to pay by the 166th/Moore Streets Properties Escrow Closing Date all remaining Moore Street Property Rent owing to Optionor.

(c) Satisfaction of Option Conditions for Adjacent Property. Optionee shall have satisfied all of the Option Conditions set forth in the 166th Street Property Lease and Option Agreement concurrently with the Option Conditions in this Lease and Option Agreement, it being expressly understood and agreed by the parties that Optionee shall not have the right to exercise the Option in this

Lease and Option Agreement without concurrently exercising the Option in the 166th Street Property Lease and Option Agreement, and vice versa.

(d) No Default. Optionee is not in default beyond any applicable notice and cure periods of any of its material obligations as set forth in this Agreement or the AH/F/DDA.

18.5 Exercise of Option. Provided Optionee is not in default beyond any applicable notice and cure periods of this Lease and Option Agreement and the AH/F/DDA and provided Optionee has paid the Option Consideration then due Optionor, the Option may be exercised by Optionee by delivering to Optionor no later than the expiration of the Option Term a written notice of Optionee's election to exercise the Option (the "Notice of Exercise of Option"). The Notice of Exercise of Option shall specify whether Optionee will be paying for the Moore Street Property Purchase Price by cash, cashiers check, or wire transfer, or if Optionee will seek financing for the purchase of the Property through a City-or Agency-financed purchase-money loan. A copy of the Notice of Exercise of Option shall concurrently be delivered to Optionor's legal counsel along with the documents required to be executed and delivered pursuant to the Option Conditions.

18.6 Concurrent Purchase of the Property and Adjacent Property. The purchase and sale of the Property and Adjacent Property shall be accomplished pursuant to the terms and conditions of the 166th/Moore Streets Properties Purchase and Sale Agreements. Optionee expressly acknowledges and agrees that it shall not have the right to purchase the Property, and Optionor shall have no obligation to transfer title to the Property, unless Optionee concurrently exercises the option to purchase the Adjacent Property and agrees to concurrently purchase the Adjacent Property as provided in the 166th Street Property Lease and Option Agreement and 166th Street Property Purchase and Sale Agreement.

18.7 Purchase Price. The purchase price for the Property (the "Moore Street Property Purchase Price") shall be one-half (1/2), rounded up to the nearest penny (1/100th of a dollar), of the 166th/Moore Streets Properties Purchase Price. The 166th/Moore Streets Properties Purchase Price shall be determined as follows:

(a) No Commencement of Obligation to Pay Rent. If at the time Optionee delivers to Optionor the Notice of Exercise of Option the 166th/Moore Streets Properties Rent Payment Term has not commenced, then the 166th/Moore Streets Properties Purchase Price shall be Fourteen Million Five Hundred Thousand Dollars ($14,500,000.00).

(b) Commencement of Obligation to Pay Rent. If at the time Optionee delivers to Optionor the Notice of Exercise of Option the 166th/Moore Streets Properties Rent Payment Term has commenced, and the Option Term has not expired, then the 166th/Moore Streets Properties Purchase Price shall be the "Purchase Price" set forth in the 166th/Moore Streets Properties Purchase Price Schedule that corresponds to the 166th/Moore Streets Properties Rent Payment Date as of the date of delivery of the Notice of Exercise of Option. In explanation of the foregoing, if on the date of delivery of the Notice of Exercise of Option, the

tenth (10th) 166th/Moore Streets Properties Rent Payment Date has occurred but the eleventh (11th) 166th/Moore Streets Properties Rent Payment Date has not occurred, then the 166th/Moore Streets Properties Purchase Price shall be Fourteen Million Three Hundred Twenty-Two Thousand Four Hundred Seventy-One Dollars and Ninety-Nine Cents ($14,322,471.99). Optionee expressly acknowledges and agrees that the amounts set forth in the 166th/Moore Streets Properties Purchase Price Schedule take into account the maximum possible length for the Option Term (i.e., five (5) years or sixty (60) months from the Certificate of Occupancy Seventy Percent Date), and Optionee expressly acknowledges and agrees that it shall not have the right to purchase the Property for any amount set forth in the 166th/Moore Streets Properties Purchase Price Schedule or otherwise after the expiration of the Option Term.

(c) Rent Payment Obligation; Reduction in Purchase Price. Optionee's obligation to pay Moore Street Property Rent to Optionor shall continue in accordance with this Lease and Option Agreement until the 166th/Moore Streets Properties Escrow Closing Date. Optionee shall be entitled to a refund from Optionor (which may be accomplished by a reduction in the amount of the 166th/Moore Street Property Purchase Price) for any 166th/Moore Streets Properties Rent paid and delivered to Optionor for a period after the 166th/Moore Streets Properties Escrow Closing Date.

(d) Insertion of Purchase Price. The 166th/Moore Streets Properties Purchase Price and purchase price for the Property shall be inserted into the 166th/Moore Streets Properties Purchase and Sale Agreements.

18.8 Purchase-Money Financing; Documents and Escrow Instructions. In the event that Optionee seeks to pay for all or any portion of the 166th/Moore Streets Properties Purchase Price through a City- or Agency-financed purchase-money loan, Optionee shall execute and deliver to Optionor a promissory note in a form approved by the Optionor's designated legal counsel that evidences the repayment obligation for any such loan, and the promissory note shall be secured by a deed of trust with assignment of rents recorded against the Property for the benefit of Optionor (or Agency if Agency provides the funds for the purchase-money loan) in a form approved by Optionor's designated legal counsel. Optionor shall provide to the 166th/Moore Streets Properties Escrow the necessary instructions to effectuate the delivery of the executed promissory note and deed of trust to Optionor, and to accomplish the recording of the deed of trust against the Property. Additionally, in the event that District seeks the authority to lease or sublease all or any portion of the 166th/Moore Streets Properties after the 166th/Moore Streets Properties Escrow Closing Date and District will pay for all or any portion of the 166th/Moore Streets Properties Purchase Price through a City- or Agency-financed purchase-money loan, Agency shall have the right to require District and any proposed tenant or subtenant to enter into a recordable subordination, non-disturbance, and attornment agreement in a form approved by the City Attorney and Agency legal counsel, and said agreement shall be recorded with the Recorder's Office against the Property and be binding and effective on the Property until District has repaid in full to City or Agency (as applicable) the City- or Agency-financed purchase money loan.

18.9 Additional Documents. Optionee shall cooperate with Optionor and shall provide any additional documents as may be required by the 166th/Moore Streets Properties Escrow or Optionor to effectuate the Option and close of escrow for the 166th/Moore Streets Properties.

18.10 Representations and Warranties of Optionor. Optionor represents and warrants that it is the owner in fee of the Property and has marketable and insurable fee simple title to the Property, subject to the reservation of all other easements, encumbrances, covenants, and other matters of record or apparent by a physical inspection of the Property.

18.11 Quitclaim Deed. In the event that this Lease and Option Agreement is terminated for any reason, Optionee shall upon written request of Optionor execute, acknowledge, and deliver to Optionor within thirty (30) days after termination or Optionor's request, whichever date is later, a quitclaim deed or other recordable instrument in a form approved by Optionor's legal counsel that removes the cloud of the lease and Option from title to the Property. Optionee shall execute, acknowledge, and deliver to any title company any similar document or recordable instrument as may be requested by said title company.

18.12 No Transfer or Assignment of the Option. In amplification of the prohibition of transfers and assignments by Optionee as provided in this Lease and Option Agreement, Optionee shall not transfer or assign the Option and the rights hereunder without the prior written consent of Lessor, which may be granted or withheld in Lessor's sole and absolute discretion.

19. EVENTS OF DEFAULT; REMEDIES.

19.1 Default. Subject to any extensions of time permitted for Events of Force Majeure in accordance with this Lease and Option Agreement and the AH/F/DDA, the failure or delay by any party to timely perform any of its obligations under this Lease and Option Agreement constitutes a default of such party's obligations hereunder (each failure an "Event of Default"); provided, however, such party shall not be deemed to have committed an Event of Default if (i) the nonperforming party cures, corrects, or remedies such Event of Default within thirty (30) days after receipt of a written notice from the other party specifying such failure or delay, or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such nonperforming party commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, and thereafter diligently prosecutes such cure, correction, or remedy to completion. The periods set forth in this Section for curing, correcting, or remedying a failure to perform shall apply if no specific cure period is otherwise provided for in this Lease and Option Agreement for an obligation to be performed.

19.2 Notice of Failure to Perform Obligations. An injured Party shall give written notice of an Event of Default to the nonperforming Party, specifying the default complained of by the injured Party. Except as required to protect against further damages, the injured Party may not institute proceedings against the nonperforming Party until the time for cure, correction, or remedy of a default has expired. Any failure or delay by a Party in giving a notice of an Event of Default or in asserting any of its rights and remedies as to any Event of

Default shall not constitute a waiver of any Event of Default, nor shall it change the time of an Event of Default, nor shall it deprive 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.

19.3 Institution of Legal Actions. Subject to the restrictions on rights and remedies set forth in this Lease and Option Agreement, any Party may institute legal action to cure, correct, or remedy any Event of Default, to recover damages for any Event of Default, or to obtain any other remedy not specifically prohibited by this Lease and Option Agreement and consistent with the purposes of this Lease and Option Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the United States District Court for the Central District of California.

19.4 Rights and Remedies Are Cumulative. Except as otherwise expressly provided in this Lease and Option Agreement, the rights and remedies of the Parties are cumulative, and the exercise by any 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 another Party.

19.5 Inaction Not a Waiver of Default. Any failures or delays by a 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 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.

19.6 Litigation/Arbitration Expenses. If a Party to this Lease and Option Agreement is required to initiate or defend any litigation or arbitration proceeding in any way connected with this Lease and Option Agreement, the prevailing Party in such proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation or arbitration expenses. If a Party to this Lease and Option Agreement is required to initiate or defend any litigation or arbitration proceeding with a third party because of the violation of any term or provision of this Lease and Option Agreement by the other Party to this Lease and Option Agreement, then the Party so required to participate in said proceeding shall be similarly entitled to recover its reasonable litigation or arbitration expenses from said other Party. Litigation and arbitration expenses shall include attorney's fees, including attorney's fees on any appeal, and all other reasonable costs for investigating such proceeding, retaining expert witnesses, taking depositions and conducting discovery, and all other necessary costs incurred with respect to such litigation or arbitration.

19.7 Remedies Available To Lessor. If an Event of Default shall occur and continue as aforesaid, then in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the immediate right to terminate this Lease and Option Agreement, terminate Lessee's right to possession of the Leased Premises by any lawful means, and bring suit against Lessee and recover as an award in such suit the following:

(a) the worth at the time of award of the unpaid rent and all other sums due hereunder which had been earned at the time of termination;

(b) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;

(c) the worth at the time of award of the amount by which the unpaid rent and all other sums due hereunder for the balance of the 166th/Moore Streets Properties Rent Payment Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided;

(d) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee failure to perform its obligations under this Lease and Option Agreement or which in the ordinary course of things could be likely to result therefrom; and

(e) such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

The "worth at the time of the award" of the amounts referred to in subparagraphs (a) and (b) above shall be computed by allowing interest at the maximum non-usurious amount allowable under law as of the date of the award. The "worth at the time of award" of the amount referred to in subparagraph (c) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

In addition to the remedies specified above in this Section, for an Event of Default committed by Lessee, Lessor shall have the right, without declaring this Lease and Option Agreement (and the remaining 166th/Moore Streets Properties Lease Term) terminated, to reenter the Leased Premises and occupy the whole or any part thereof for and on account of Lessee, and to collect Moore Street Property Rent and any other charges that may thereafter become due and payable pursuant to this Lease and Option Agreement. Lessor shall have the right to pursue the remedy described in California Civil Code Section 1951.4, whereby Lessor may continue the leasehold interest and Lessee may continue to possess the Leased Premises after an Event of Default by Lessee or abandonment of the Leased Premises, and Lessor may recover Moore Street Property Rent as it becomes due; provided that if Lessor elects to pursue the remedy under Civil Code Section 1951.4, Lessee may, notwithstanding the restrictions in Article 17 of this Lease and Option Agreement, sublet or assign its interest in the Leased Premises subject to reasonable conditions as may be required by Lessor. In no event shall Lessee have the right to assign its interest in the Option if Lessor elects to pursue the remedy under Civil Code Section 1951.4.

19.8 Exercise of Option. In the event that Lessee exercises the Option pursuant to this Lease and Option Agreement, the rights and remedies set forth in this Article shall cease and no longer be in force on and after the 166th/Moore Streets Properties Escrow Closing Date.

20. GENERAL PROVISIONS.

20.1 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To City:	City of Cerritos 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: City Manager Fax: (562) 916-1371
With a copy to:	Brown, Winfield & Conzoneri, Inc. 300 S. Grand Avenue, 15th Floor Los Angeles, CA 90071 Attn: Mark W. Steres, Esq. Fax: (213) 687-1733
and copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission

shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

20.2 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to District in the event of any default by Agency or City or for any amount which may become due to District or on any obligations under the terms of this Agreement. No member, official, employee, or contractor of District shall be personally liable to Agency or City in the event of any default by District or for any amount which may become due to Agency or City, or on any obligations under the terms of this Agreement.

20.3 Force Majeure; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth this Section, performance by any Party hereunder shall not be deemed to be in default and such Party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of another Party; acts or the failure to act of Agency, City, District, or any other public or governmental agency or entity (except that any act or failure to act of or by City or District shall not excuse performance by City or District required by this Agreement). An extension of time for any cause permitted under this Section shall be limited to the period of the enforced delay, which period 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 Parties within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other Parties. Times of performance under this Agreement may be extended by mutual written agreement of all of the Parties. The City Manager of City and Superintendent of District (or their respective designees) shall have the authority on behalf of City and District respectively to approve extensions of time.

20.4 Inspection of Books and Records. City shall have the right at all reasonable times to inspect the books and records of District pertaining to the Leased Premises as pertinent to the purposes of this Agreement.

20.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement shall be interpreted in accordance with the internal laws of the State of California without regard to conflict of law principles.

20.6 Entire Agreement, Waivers and Amendments. This Agreement and the AH/F/DDA integrate all of the terms and conditions mentioned herein, or incidental hereto, and

supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Parties.

20.7 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

20.8 Third Party Beneficiaries. Except as set forth in the next sentence, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than Lessor and Lessee, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Agreement. Agency is an express third party beneficiary of this Agreement and shall have the right but not the obligation to enforce the provisions hereof.

20.9 Time of the Essence. Time is of the essence in the performance of this Agreement.

20.10 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

20.11 Attachments. This Agreement contains the following attachments, each made a part hereof and incorporated by this reference:

Attachment “1”	Legal Description of Property
Attachment “2”	Depiction/Description of Leased Premises
Attachment “3”	Purchase and Sale Agreement for Property (with attachments thereto)
Attachment “4”	166th/Moore Streets Properties Purchase Price Schedule

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

"LESSOR"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
City Clerk

"LESSEE"

ABC UNIFIED SCHOOL DISTRICT, a California unified school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO LEASE AND OPTION AGREEMENT
(Moore Street Property)

LEGAL DESCRIPTION OF THE PROPERTY

[Attached]

ATTACHMENT "2" TO LEASE AND OPTION AGREEMENT
(Moore Street Property)

DEPICTION/DESCRIPTION OF LEASED PREMISES

[Attached]

ATTACHMENT "3" TO LEASE AND OPTION AGREEMENT
(Moore Street Property)

PURCHASE AND SALE AGREEMENT FOR PROPERTY

(AND SUB-ATTACHMENTS)

[Attached]

AGREEMENT FOR PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS
(Moore Street Property)

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS (hereinafter referred to as the "Purchase and Sale Agreement," "166th Street Property Purchase and Sale Agreement," and "Purchase and Sale Agreement (166th Street Property)) is entered into this _____ day of _____, ____ ("Purchase and Sale Effective Date") by and between the ABC UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California ("Buyer" and "District"), and the CITY OF CERRITOS, a California municipal corporation ("Seller" and "City"). District and City are sometimes hereinafter referred to individually as a "Party" or "party" and collectively as the "Parties" or "parties."

R E C I T A L S

A. On or about _____, _____, City, District, the CERRITOS REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos to facilitate the provision of affordable housing for senior citizens within the City, and to facilitate the relocation of District's administrative offices and provision of renovated administrative, warehouse, and school kitchen facilities. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. City is the owner in fee of that certain real property and improvements and amenities thereon located at 12880 Moore Street in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached hereto as Sub-Attachment "3-A" and incorporated herein by this reference (the "Property" or "Moore Street Property"). The Property is currently improved with an office building comprised of approximately 35,500 square feet of warehouse space, a central kitchen facility, parking, and related warehouse and food service improvements and amenities.

C. City is also owner in fee of that certain real property and improvements and amenities thereon located adjacent to the Property at the address of 12881 One Hundred Sixty-Sixth Street in the City of Cerritos, County of Los Angeles, State of California (the "Adjacent Property" or "166th Street Property"). The Adjacent Property is currently improved with a warehouse comprised of approximately 44,500 square feet of usable office space, parking, and related commercial office amenities. The 166th Street Property and Moore Street Property are collectively referred to herein as the "166th/Moore Streets Properties."

D. Pursuant to the AH/F/DDA, Agency was to enter into a long-term ground lease with District, which was then to be assigned to Corporation, so that Corporation could develop,

own, and manage or cause to be managed a senior affordable housing development, senior center, park, and related facilities on certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California (the "Norwalk Boulevard Property"). As of the Effective Date of the AH/F/DDA, the Norwalk Boulevard Property served as the District's administrative offices and had an antiquated warehouse and unusable central kitchen facility. Because the senior affordable housing development, senior center, park, and appurtenant improvements were to be located where the administrative offices and kitchen/warehouse facilities for the District were also located, the District's administrative offices and kitchen/warehouse facilities needed to be relocated.

E. In order to accommodate the necessary relocation of the District's administrative offices and kitchen/warehouse facility, City and District entered into that certain Lease and Option to Purchase Agreement (166th Street Property) dated _____, _____, and recorded as Instrument No. _____ in the official records for Los Angeles County, California (the "166th Street Property Lease and Option Agreement") and that certain Lease and Option to Purchase Agreement (Moore Street Property) dated _____, _____, and recorded as Instrument No. _____ in the official records for Los Angeles County, California (the "Moore Street Property Lease and Option Agreement"). The 166th Street Property Lease and Option Agreement and Moore Street Property Lease and Option Agreement are collectively referred to as the 166th/Moore Streets Properties Lease and Option Agreements.

F. Pursuant to the 166th/Moore Streets Properties Lease and Option Agreements, District leased the Property and Adjacent Property and had the option to purchase both the Property and Adjacent Property. Pursuant to the terms and conditions set forth in the 166th/Moore Streets Properties Lease and Option Agreements, District has duly exercised the options to purchase the Property and Adjacent Property. The Parties now wish to effectuate the purchase and sale the Property so as to further the intent and purpose of the AH/F/DDA.

G. Seller desires to sell to Buyer and Buyer desires to purchase from Seller, upon the terms and conditions set forth in this Agreement, the Property, together with all improvements located thereon, all easements, licenses, and interests appurtenant thereto, and all land entitlements, owned or held by Seller in connection therewith.

A G R E E M E N T

NOW THEREFORE, based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE 1. PURCHASE AND SALE OF PROPERTY.

1.1 Agreement to Purchase. Subject to all the terms, conditions, and provisions of this Purchase and Sale Agreement, and for the consideration herein set forth, Seller agree to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

1.2 Amount of Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property, with any all improvements thereon, is

_____ ($_____) (the "Purchase Price"). **[INSERT AMOUNT THAT IS ONE-HALF (1/2) OF 166th/Moore Streets Properties PURCHASE PRICE AS SET FORTH IN THE LEASE AND OPTION AGREEMENT]** The Purchase Price paid by Buyer to Seller is all-inclusive of Seller's interest in the Property and any rights or obligations which exist or may arise out of the acquisition of the Property, including without limitation Seller's fee interest in the land and any improvements located thereon, severance damages, relocation expenses, loss of business goodwill, costs, interest, attorney's fees, and any claim whatsoever of Seller which might arise out of or relate in any respect to the acquisition of the Property by Buyer.

1.3 Payment of Purchase Price. No later than 1:00 p.m. on the business day preceding the Closing Date, as defined in Section 3.2, or such earlier time as required by Escrow Holder in order to close Escrow on the Closing Date, Buyer shall deposit with Escrow Holder the Purchase Price.

1.4 Initial Deposit. Buyer shall place into escrow TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) as a good faith deposit ("Initial Deposit") upon the Opening of Escrow, as set forth in Section 3.1 below. The Initial Deposit shall be fully refundable if Buyer chooses to not purchase the Property for any reason whatsoever at anytime prior to the expiration of the ninety (90) day Due Diligence Period as defined below. In the event that Buyer chooses to not purchase the Property pursuant to the foregoing, Buyer shall so notify the Escrow Agent and the Seller, whereupon Escrow shall be canceled and the Initial Deposit shall be returned to Buyer.

1.4.1 Deposit Non-refundable. Upon Buyer's approval of the Property as set forth in Article 2, the Initial Deposit, including all interest accrued thereon, shall become nonrefundable and shall be applicable to the Purchase Price, subject to refund to Buyer if Seller subsequently defaults.

1.4.2 Retention of Cash. All cash received by Escrow Holder will be, until the Close of Escrow, kept on deposit in a federally insured state or national Bank.

1.4.3 Interest. Escrow Holder shall be required to hold any and all deposits in an interest-bearing account, with interest accruing for the benefit of the Buyer to be credited to the Purchase Price.

1.5 Deposit of Funds from Purchase Price. Pursuant to the terms and conditions of the AH/F/DDA, the funds received by Seller in the amount of the Purchase Price (less costs allocated to Seller pursuant to Section 3.7 of this Purchase and Sale Agreement) shall be deposited into the "Cuesta Villas Project Trust Fund" as defined in the AH/F/DDA. Seller shall deliver to Escrow Holder wire instructions and other necessary account information to ensure that the funds for the Purchase Price are disbursed to the Cuesta Villas Project Trust Fund.

ARTICLE 2. INSPECTIONS AND REVIEW.

2.1 Delivery of Due Diligence Materials. Within five (5) days of the Purchase and Sale Effective Date, Seller shall deliver to Buyer copies of all documents, reports, agreements, or other items in its possession or control relating to the Property, including without limitation the following (collectively, the "Due Diligence Materials"): (i) all licenses, leases, and permits

affecting or relating to the ownership, subdivision, possession or development of the Property or the construction of improvements thereon, and all amendments and modifications thereto; (ii) applications and correspondence or other written communications to or from any governmental entity, department or agency other than Buyer regarding any permit, approval, consent or authorization with respect to the development of the Property or the construction of improvements thereon; (iii) the most recent survey, if any, pertaining to the Property or any portion thereof; (iv) soils reports, engineering data, environmental reports, and other data or studies pertaining to the Property or any portion thereof that have not been previously delivered to Buyer or its consultants; and (v) if not previously delivered to Buyer or its consultants, any approved site plan and building elevations, building floor plans, applicable City Planning Commission Approval and Conditions of Approval, disclosures as may be required by law, and preliminary title report for the Property.

2.2 Inspections.

(a) Buyer and its representatives, agents, engineers, consultants, contractors, and designees shall have the right at Buyer's sole cost and expense to enter onto the Property from and after the date of this Purchase and Sale Agreement through and including the date which is thirty (30) days (or for such longer period as may be agreed to in writing by City and District) after the Purchase and Sale Effective Date (the "Due Diligence Period"), for purposes of examining, inspecting, and investigating the Property, including the site, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, hazardous materials or wastes, if any, and, at Buyer's sole and absolute discretion, determining whether the Property is acceptable to Buyer including to confirm availability and suitability of utilities to Property and to verify zoning and intended of the Property.

(b) Buyer shall be solely responsible for payment of any and all costs and expenses incurred in connection with any entry and inspection of the Property as authorized in this Section 2.2. Buyer shall provide to Seller no less than forty-eight (48) hours verbal notice (and Buyer to deliver to Seller written confirmation of such verbal notice) that Buyer will be conducting an inspection(s) as authorized herein, and Seller shall have the right but not the obligation to accompany any Buyer in the performance of any such inspection. In the event that Buyer intends to enter a portion of the Property for which Buyer does not already have a right of possession pursuant to the Lease and Option Agreement, Buyer shall provide to Seller along with Buyer's notice of inspection(s) a notice of the portion(s) of the Property to which Buyer intends to enter to conduct an inspection authorized herein. As a condition to any inspection or entry exercised pursuant to this Section 2.2, Buyer shall: (i) conduct all tests and studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous condition to occur on the Property; (ii) comply with all applicable laws and governmental regulations; and (iii) promptly repair any and all damage to the Property caused by Buyer or its representatives, agents, engineers, consultants, contractors, and designees, and return the Property to its original condition following any such inspection or entry. In addition to any other indemnification authorized pursuant to this

Purchase and Sale Agreement, Buyer shall indemnify, defend and hold harmless Seller and its respective officers, officials, members, employees, and agents from and against any and all loss, cost, liability or expense, including reasonable attorney's fees, arising from any inspection on the Property performed pursuant to this Section by Buyer or its representatives, agents, engineers, consultants, contractors, and designees, or from Buyer's failure to comply with the conditions to entry provided herein.

(c) Buyer shall procure and maintain, at all times during which Buyer performs or causes to perform any inspection or right of entry as authorized in this Section 2.2, the following policies of insurance:

(i) Workers' Compensation insurance that complies with all applicable state laws and requirements; and

(ii) Comprehensive General Liability insurance with limits not less than One Million Dollars ($1,000,000.00) per occurrence and general aggregate for bodily injury and property damage of not less than Two Million Dollars ($2,000,000.00), including coverage for contractual liability, personal injury, broad form property damage, products and completed operations.

All of the policies of insurance required above shall be primary insurance and, except for the Workers' Compensation insurance, shall name the City and Agency and their respective officers, employees, and agents, as additional insureds. Said policies shall be satisfactory only if issued by companies qualified to do business in California and rated A:VII or higher in the most recent edition of the Best Rating Guide. The insurer shall waive all rights of subrogation and contribution it may have against City and Agency and their respective officers, employees, and agents, and City's and Agency's respective insurers. All of the insurance policies required in this Section 2.2 shall provide that they may not be amended or canceled without providing thirty (30) days prior written notice to Seller. Upon Seller's written request, Buyer shall deliver to Seller any requested evidence of insurance.

Notwithstanding the foregoing provisions in this Section 2.2, Buyer may satisfy the insurance required above through a program or policy of self-insurance so long as the minimum coverage requirements as provided herein are secured and maintained for the duration of any inspection or right of entry performed by Buyer or caused to be performed on behalf of Buyer. Upon Seller's written request, Buyer shall deliver to Seller evidence satisfactory to Seller that said self-insurance is sufficiently funded to meet the minimum insurance requirements set forth herein. If Seller reasonably determines that the self-insurance is not sufficient to cover the insurance requirements provided herein, Buyer shall procure and maintain the insurance policy(ies) as provided herein that are not sufficiently covered by self-insurance.

2.3 Disapproval/Termination. District shall notify Seller and Escrow Holder in writing ("District's Due Diligence Notice") on or before the expiration of the Due Diligence Period of District's approval or disapproval of the Due Diligence Materials, the condition of the Property and District's investigations with respect thereto. District's disapproval of any of said items shall constitute District's election to terminate this Purchase and Sale Agreement and cancel the Escrow. District's failure to deliver District's Due Diligence Notice on or before the expiration of the Due Diligence Period shall be conclusively deemed District's approval thereof, provided Seller provides District five (5) days written notice of said failure to deliver District's Due Diligence Notice and District fails to terminate Escrow within said five (5) day period.

2.4 Preliminary Title Report. Within five (5) days of the Purchase and Sale Effective Date, First American Title Company, or such other title company as may be mutually agreed upon by the Parties (the "Title Company") shall provide District with a preliminary title report for the Property, together with copies of all written instruments creating the exceptions specified therein, and plat maps plotting all easements specified therein (collectively, the "Title Report"). District shall notify Seller in writing ("District's Objection Notice") on or before the expiration of the Due Diligence Period of any objections District may have to the title exceptions contained in the Title Report. District's failure to provide Seller with a District's Objection Notice within said period shall constitute District's approval of all exceptions to title shown on the Title Report, provided Seller provides District five (5) days written notice of said failure to provide Seller with a District's Objection Notice and District fails to terminate Escrow within said five (5) day period. Seller shall have a period of ten (10) days after receipt of District's Objection Notice in which to deliver written notice to District ("Seller's Notice") of Seller's election to either (i) agree to remove or cure the objected to items prior to the Close of Escrow, or (ii) decline to remove or cure any such title exceptions and terminate Escrow and this Purchase and Sale Agreement. If Seller notifies District of its election to terminate Escrow rather than remove and cure the objected to items, District shall have the right, by written notice delivered to Seller within ten (10) days after District's receipt of Seller's Notice, to agree to accept the Property subject to the objected to items, in which event Seller's election to terminate the Escrow shall be of no effect, and District shall take title at the Close of Escrow subject to such objected to items without any adjustment to or credit against the Purchase Price. Notwithstanding anything herein to the contrary, District shall remove prior to the Ground Lease Escrow Closing Date all monetary liens other than non-delinquent taxes and assessments levied against the Ground Lease Parcels.

Upon the issuance of any amendment or supplement to the Title Report which adds additional exceptions, or adds any new requirement, the foregoing rights of review and approval shall also apply to said amendment or supplement; provided, however, that District's initial period of review and approval or disapproval of any such additional exceptions shall be limited to ten (10) business days following District's and District's attorney's receipt of the instrument(s) creating such additional exceptions.

2.5 Litigation Documents. Within five (5) days of the Purchase and Sale Effective Date, City shall deliver to District's designated legal counsel any and all documents and materials that are not protected by any applicable privilege that relate to pending or threatened litigation, or litigation that was pending or threatened within the last five (5) years, involving the Property and/or City's ownership thereof, including but not limited to correspondence that is not

privileged, complaints, court orders, settlements, and judgments (the "City's Litigation Documents"). City's Litigation Documents shall not include any documents produced in connection with the Validation Action. If City has no documents that fall within the definition of City's Litigation Documents, City shall deliver to District written notice thereof. District shall complete or cause to be completed the review of said litigation documents no later than the expiration of the Due Diligence Period, and District shall have the right to terminate this Purchase and Sale Agreement if after review of the City's Litigation Documents the District determines, in its reasonable discretion, that District cannot or should not be obligated to assume a risk of litigation that may currently be or was pending or threatened against City. District's failure to deliver to City written notice of its approval or disapproval on or before the expiration of the Due Diligence Period shall be conclusively deemed District's approval of the assumption of the risk of litigation as evidenced by the City's Litigation Documents, provided City provides District five (5) days written notice of said failure to deliver such written notice and District fails to terminate the Escrow within said five (5) day period.

2.6 Quitclaim Deed. Upon Buyer's written request, Seller shall execute and deliver to Escrow Holder a quitclaim deed(s) or similar recordable instrument(s) releasing the Property from the Memorandum of the AH/F/DDA and the Lease and Option Agreement. Buyer shall have the obligation to deliver to Seller and Seller's legal counsel the form of said quitclaim deed(s) or similar recordable instrument(s) prior to the expiration of the Due Diligence Period. Seller and Seller's legal counsel shall have the right to approve the form of such quitclaim deed(s) or similar recordable instrument(s), which approval shall not be unreasonably withheld or delayed.

ARTICLE 3. ESCROW.

3.1 Opening of Escrow. Within five (5) business days following the execution of this Purchase and Sale Agreement by Buyer and Seller, the Parties shall open an escrow (the "Escrow") with _____ ("Escrow Holder"), at its offices located at _____, _____, California _____, by causing an executed copy of this Purchase and Sale Agreement to be deposited with Escrow Holder. Escrow shall be deemed open on the date that a fully executed copy of this Purchase and Sale Agreement and the Initial Deposit are delivered to Escrow Holder (the "Opening of Escrow"). Escrow Holder shall provide each of the parties in Section 6.3 with written confirmation of the date of the Opening of Escrow. Title Company shall also provide title insurance services related to this Purchase and Sale Agreement.

The Parties shall service the purchase and sale of the Adjacent Property through the same Escrow and with the same Escrow Holder as provided herein, it being expressly understood and agreed by the Parties that there shall be concurrent escrows for the Property and the Adjacent Property, and that the Escrow for the Property shall not close unless and until escrow for the Adjacent Property is ready to close, and vice versa. It is further expressly understood and agreed by the parties that Buyer shall not have the right to purchase the Property, and Seller shall have no obligation to transfer title to the Property to Buyer, unless Buyer is concurrently ready and able close the escrow for the purchase of the Adjacent Property pursuant to the 166th Street Property Purchase and Sale Agreement.

3.2 Close of Escrow; Closing Date. Escrow shall close no later than the date that is thirty (30) days after the later of (1) the expiration of the Due Diligence Period, and (2) the date on which all of the conditions to closing described in Section 4 below have been satisfied (the "Closing Date"). The terms the "Close of Escrow", and/or the "Closing" are used herein to mean the date the Grant Deed (as the term is defined in Section 3.4 herein) is recorded in the Office of the County Recorder of Los Angeles, California. Possession of the Property shall be delivered to Buyer at the Close of Escrow free and clear of all tenancies, lessees, occupants, licensees, and all possessory rights of any kind or nature, except for any Permitted Exceptions, as set forth and defined in Section 4.1.3 herein.

3.3 Escrow Instructions. This Purchase and Sale Agreement, together with any standard instructions of Escrow Holder, shall constitute the joint escrow instructions of Buyer and Seller to Escrow Holder as well as an agreement between Buyer and Seller. In the event of any conflict between the provisions of this Purchase and Sale Agreement and Escrow Holder's standard instructions, this Purchase and Sale Agreement shall prevail.

3.4 Deliveries by Seller. No later than 1:00 p.m. on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder:

(a) an executed grant deed in the form of Sub-Attachment "3-B" attached to this Purchase and Sale Agreement (the "Grant Deed") conveying to Buyer fee simple title to the Property, duly executed and acknowledged by Seller;

(b) an executed certificate of non-foreign status in the form attached hereto as Sub-Attachment "3-D" and California Franchise Tax Board Form 590-RE, each executed by Seller;

(c) an executed quitclaim deed(s) or similar recordable instrument(s) in a form approved by Buyer and Buyer's attorney that removes the cloud of the Lease and Option Agreement on the Property, if requested by Buyer pursuant to Section 2.6 above;

(d) wire instructions and other necessary account information as may be required by Escrow Holder to ensure that the funds for the Purchase Price are disbursed to the Cuesta Villas Project Trust Fund;

(e) a fully executed Deposit Account Control Agreement in a form that substantially complies with the form attached to the AH/F/DDA; and

(f) any and all other sums and documents required by Escrow Holder to carry out and close the Escrow pursuant to this Purchase and Sale Agreement, including Seller's portion of prorations, if any.

3.5 Deliveries by Buyer. No later than 1:00 p.m. on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder:

(a) the Purchase Price less any payments made, if any;

(b) a Public Agency Certificate of Acceptance in the form attached hereto as Sub-Attachment "3-C";

(c) All other sums and documents required by Escrow Holder to carry out and close the Escrow pursuant to this Purchase and Sale Agreement, including the Escrow fees and Buyer's portion of prorations, if any.

3.6 Closing, Recording and Disbursements. On or before the Closing Date, and when all of the conditions precedent to the Close of Escrow set forth in Article 4 of this Purchase and Sale Agreement have been satisfied or waived in writing, Escrow Holder shall take the actions set forth in this Section 3.6.

3.6.1 Recording. Escrow Holder shall cause the Grant Deed to be recorded in the Official Records of Los Angeles County, California.

3.6.2 Disbursement of Funds. Escrow Holder shall disburse on behalf of Seller the Purchase Price (less prorations chargeable to Seller, if any) to the Cuesta Villas Project Trust Fund.

3.6.3 Title Policy. Escrow Holder shall deliver to Buyer a commitment to issue the Title Policy referred to in Section 4.1.3 of this Purchase and Sale Agreement.

3.6.4 Delivery of Documents to Buyer. Escrow Holder shall deliver to Buyer a conformed copy of the Grant Deed, and any other documents (or copies thereof) deposited by Seller with Escrow Holder pursuant to this Purchase and Sale Agreement. The original of the Grant Deed shall be returned to Buyer after recordation.

3.6.5 Delivery of Documents to Seller. Escrow Holder shall deliver to Seller a conformed copy of the Grant Deed, a conformed copy(ies) of the quitclaim deed(s) or similar recordable instruments (if requested by Buyer) releasing the Property from the Memorandum of the AH/F/DDA and Lease and Option Agreement, and any documents (or copies thereof) deposited by Buyer with Escrow Holder pursuant to this Purchase and Sale Agreement.

3.6.6 Real Property Taxes. All non-delinquent general and special real property taxes and assessments shall be prorated as of the Close of Escrow.

3.7 Payment of Costs. Seller shall pay all title insurance premiums for the CLTA standard owner's form policy. Should Buyer elect to receive an ALTA extended coverage owner's policy of title insurance, Buyer shall pay all title premium costs in excess of the premium for the CLTA standard owner's form policy. Buyer shall be responsible to pay the customary and usual escrow fees charged by Escrow Holder in connection with the Escrow and recording the Grant Deed, and Buyer shall pay for the costs incurred (if any) for the drawing of deeds, recording fees, notary fees, and any state, county, or local documentary transfer fee. Escrow Holder shall prepare a settlement statement for the Escrow. Buyer and Seller shall each

be responsible for their respective attorneys' fees. All taxes and assessments shall be prorated as of midnight on the date of closing.

ARTICLE 4. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

4.1 Conditions to Buyer's Obligations. Buyer's obligation to purchase the Property, and the Close of Escrow, shall be subject to the satisfaction or written waiver by District of each of the conditions precedent set forth in this Section 4.1.

4.1.1 Seller's Performance. Seller is not in material default of any term or condition of the AH/F/DDA or this Purchase and Sale Agreement.

4.1.2 Seller Deliveries Made. Seller has deposited with Escrow Holder all documents required of Seller by this Purchase and Sale Agreement.

4.1.3 Title Policy. Title Company has committed to issue to District a CLTA standard, or at District's choice, an ALTA extended coverage owner's policy of title insurance ("Title Policy"), with liability in the amount of the Purchase Price, showing fee title to the Property vested in the District, subject only to:

(a) the standard printed exceptions and exclusions contained in the form of the Title Policy commonly used by Title Company;

(b) title exceptions approved by Buyer pursuant to Section 2.4 of this Purchase and Sale Agreement;

(c) title exceptions resulting from documents being recorded or delivered through Escrow pursuant to this Purchase and Sale Agreement; and

(d) any other exceptions approved in writing by Buyer in its sole and absolute discretion.

The terms of sub-sections (a) through (d), inclusive, being herein collectively referred to as the "Permitted Exceptions".

4.1.4 Representations and Warranties. All representations and warranties made by Seller in this Purchase and Sale Agreement, to Seller's best knowledge, are true and correct as of the Closing as though made at that time.

4.1.5 Hazardous Materials; Environmental Compliance.

(a) As a result of Buyer's inspection pursuant to Section 2.2 herein, Buyer intends to satisfy itself that the Property is not in violation of any federal, state, or local law, ordinance, or regulation relating to Hazardous Materials, industrial hygiene, or to the environmental conditions on, under, or about the Property, or any portion thereof, including, but not limited to, soil and

groundwater conditions ("Environmental Laws"). If, at any time prior to the expiration of the Due Diligence Period, Buyer determines that the Property, or any portion thereof, is in violation of said Environmental Laws, Buyer may elect to terminate this Purchase and Sale Agreement and cancel the Escrow by delivering written notice to that effect to Seller and Escrow Holder, thereby rendering this entire Purchase and Sale Agreement invalid, void, and unenforceable. The term "Hazardous Materials" when used in this Purchase and Sale Agreement shall mean any hazardous waste, hazardous substance, hazardous materials or toxic substances as defined, as of the Closing Date, in any federal, state, or local statute, ordinance, rule, or regulation applicable to the Property, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (Title 42 United States Code sections 9601-9675), the Resource Conservation and Recovery Act (Title 42 United States Code sections 6901-6992k), the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code sections 25300-25395), Hazardous Waste Control Law (Health and Safety Code section 25100-25250.25); the Hazardous Materials Transportation Act, as amended (Title 49 United States Code Sections 1801-1819); and any substance defined as "hazardous waste" in Health and Safety Code Section 25117 or as a "hazardous substance" in Health and Safety Code Section 25316, and in the regulations adopted and publications promulgated under these laws. "Hazardous Materials" shall also include asbestos or asbestos-containing materials, radon gas, and petroleum or petroleum fractions, whether or not defined as a hazardous waste or hazardous substance in any such statute, ordinance, rule, or regulation as of the Closing Date.

(b) Notwithstanding any provision to the contrary in Subsection (a) above, in the event that Buyer in its capacity as Lessee of the Leased Premises pursuant to the 166th/Moore Streets Properties Lease and Option Agreements is responsible for a violation of any Environmental Law or the presence, treatment, management, storage, disposal, release, handling, or other use of any Hazardous Material (except as the same may be used in the ordinary course of District's business) on the Property or portion thereof, Buyer shall not have the right to terminate this Purchase and Sale Agreement and cancel the Escrow as set forth in Subsection (a) above. In such a circumstance, Seller shall have the right to pursue against Buyer any and all remedies available at law or in equity, including but not limited to specific performance, and the Purchase Price for the Property shall not be reduced by reason of said violation of an Environmental Law or said presence, treatment, management, storage, disposal, release, handling, or other use of any Hazardous Material on the Property or portion thereof.

4.1.6 Compliance with California Law Applicable to Acquisition of the Property. The Close of Escrow shall be conditioned upon the sale and Property being in compliance with all applicable California laws relating to the intended use of the Property including without limitation the following:

(a) California Environmental Quality Act (Public Resources Code Sections 21000 et seq.);

(b) zoning compliance (Government Code Sections 53091, 53094, and 65402; Public Resources Code Section 21151.2);

4.1.7 No Litigation. Except for the Validation Action, and except as may be approved by Buyer in connection with the review of City's Litigation Documents, no litigation shall be pending or threatened by any third party which relates to the Property and/or City's ownership thereof.

4.2 Conditions to Seller's Obligations. Seller's obligations to convey the Property, and the Close of Escrow, shall be subject to the satisfaction or written waiver by Seller of each of the conditions precedent set forth in this Section 4.2.

4.2.1 Buyer's Performance. Buyer is not in material default of any term or condition of the AH/F/DDA or this Purchase and Sale Agreement.

4.2.2 Buyer Deliveries Made. Buyer has deposited with Escrow Holder the Purchase Price and all other sums and documents required of Buyer by this Purchase and Sale Agreement.

4.2.3 166th Street Option and Purchase and Sale Agreement. Buyer has exercised pursuant to the 166th Street Property Lease and Option Agreement its Option to purchase the 166th Street Property, and Buyer has executed and delivered to Escrow Holder the 166th Street Purchase and Sale Agreement.

4.2.4 Satisfaction of Buyer's Conditions for Adjacent Property Purchase and Sale Agreement. Buyer has satisfied or Seller has expressly waived in writing all of Seller's conditions precedent to closing the escrow for the 166th Street Property pursuant to the 166th Street Property Purchase and Sale Agreement, it being expressly understood and agreed by the parties that Buyer shall not have the right to purchase the Property, and Seller shall have no obligation to transfer title to the Property to Buyer, unless Buyer is ready and able to concurrently close Escrow for the purchase of both the Property and the Adjacent Property pursuant to the 166th/Moore Streets Properties Purchase and Sale Agreements.

4.2.5 Representations and Warranties. All representations and warranties made by Buyer in this Purchase and Sale Agreement, to Buyer's best knowledge, are true and correct as of the Closing as though made at that time.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each Party shall use its diligent best efforts, in good faith, and at its own cost, to satisfy such condition. Where satisfaction of any of the foregoing conditions requires the approval of a Party, such approval shall be in such Party's sole and absolute discretion.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall

be effective only if contained in a writing signed by Buyer and delivered to Seller. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer.

4.5 Termination. In the event each of the conditions set forth in Section 4.1 are not fulfilled within the time provided by the terms of this Purchase and Sale Agreement or waived by Buyer pursuant to Section 4.4, Buyer may, at its option, terminate this Purchase and Sale Agreement and the Escrow opened hereunder, thereby releasing the Parties from further obligations related to the purchase and sale of the Property hereunder. In the event that the conditions set forth in Section 4.2 are not fulfilled within the time periods provided by this Purchase and Sale Agreement or waived by Seller pursuant to Section 4.4, Seller may, at its option, terminate this Purchase and Sale Agreement and the Escrow opened hereunder, thereby releasing the Parties from further obligations related to the purchase and sale of the Property hereunder. Furthermore, in the event this Purchase and Sale Agreement is terminated by either Party, all documents delivered by Seller to Buyer or Escrow Holder shall be returned within a reasonable time to Seller and all documents delivered by Buyer to Seller or Escrow Holder shall be returned within a reasonable time to Buyer. Nothing in this Section 4.5 shall be construed as releasing any Party from liability for any default of its obligations hereunder or breach of its representations and warranties under this Purchase and Sale Agreement occurring prior to the termination of this Purchase and Sale Agreement and/or the Escrow to be opened hereunder. Nothing in this Section 4.5 or otherwise set forth in this Purchase and Sale Agreement that authorizes the termination of this Purchase and Sale Agreement shall release the Parties from their obligations under the AH/F/DDA, which by definition included applicable Exhibits attached thereto (including but not limited to the 166th/Moore Streets Properties Lease and Option Agreements and the Ground Lease).

ARTICLE 5. REPRESENTATIONS AND WARRANTIES-BROKERAGE COMMISSIONS.

5.1 Seller's Representations and Warranties. Seller hereby makes the following representations and warranties to Buyer, each of which (i) is material and relied upon by Buyer in making its determination to enter into this Purchase and Sale Agreement, (ii) is to the best knowledge of Seller true in all respects as of the Purchase and Sale Effective Date and shall be true in all respects on the Closing Date, and (iii) shall survive the Close of Escrow:

(a) Seller has full right, power, and authority to enter into this Purchase and Sale Agreement and to perform Seller's obligations hereunder. This Purchase and Sale Agreement and all other documents delivered by Seller to Buyer now or at the Close of Escrow, have been or will be duly executed and delivered by Seller and are legal, valid, and binding obligations of Seller, sufficient to convey to Buyer good and marketable title to the Property, are enforceable in accordance with their respective terms, and do not violate any provision of any agreement to which Seller is a Party.

(b) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, there are no pending or threatened, actions, suits, writs, injunctions, decrees, legal proceedings or governmental investigations against or affecting the Property or relating to the ownership, maintenance, use or operation of the Property.

(c) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, Seller has not received any notices nor has any knowledge of any violation of any laws, ordinances, rules, regulations or requirements of any governmental agency, body or subdivision affecting or relating to the Property.

(d) There are no leases, rights of first refusal, or other agreements relating to the right of possession and/or occupancy of the Property by any person or entity, except for the 166th/Moore Streets Properties Lease and Option Agreements and matters of record approved by Buyer pursuant to Section 2.4 above.

(e) Except for those items disclosed in the City's Litigation Documents and Due Diligence Materials, Seller is not aware that the Property, or Seller, are in violation of any applicable Federal, State or local statute, ordinance, order, requirement, law, or regulation materially adversely affecting the Property or construction of any improvement thereon or its intended use a District facility. Seller has received no notice of any such violation of applicable law.

Seller has not caused or knowingly permitted any contamination by Hazardous Materials (as defined in Section 4.1.5 of this Purchase and Sale Agreement) to occur on, at, about, or within the Property, or any portion thereof, and otherwise knows of any such contamination of Hazardous Materials on, at, about, or within the Property, or any portion thereof.

If Seller becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Seller hereunder, whether as of the Purchase and Sale Effective Date or any time thereafter through the Closing Date, Seller will give immediate written notice of such changed fact or circumstance to Buyer, but such notice shall not release Seller of any liabilities or obligations with respect thereto.

5.2 Buyer's Representations and Warranties. Buyer hereby makes the following representations and warranties to Seller, each of which (i) is material and relied upon by Seller in making its determination to enter into this Purchase and Sale Agreement, (ii) is to the best knowledge of Buyer true in all respects as of the Purchase and Sale Effective Date and shall be true in all respects on the Closing Date, and (iii) shall survive the Close of Escrow.

(a) Buyer has the full right, power, and authority to enter into this Purchase and Sale Agreement and perform Buyer's obligations hereunder. This Purchase and Sale Agreement and all other documents delivered by Buyer to Seller now or at the Close of Escrow, have been or will be duly executed and delivered by Buyer and are legal, valid, and binding obligations of Buyer, are enforceable in accordance with their respective terms, and do not violate any provision of any agreement to which Buyer is a Party.

5.3 Brokerage Commissions; Indemnity. City, Agency, and Corporation, and their respective officers, officials, employees, representative, agents, and volunteers shall have no obligation and no liability to pay any real estate commission, finder's fee, broker's fee or any similar charge by any name whatsoever arising from, relating to, or in any way connected with the transactions contemplated by the AH/F/DDA and this Purchase and Sale Agreement. District shall pay no later than the Closing Date (if not previously paid) any real estate commission, finder's fee, broker's fee or any similar charge by any name whatsoever arising from, relating to, or in any way connected with the purchase and sale of the Property as contemplated herein. District shall indemnify, defend, and hold harmless Agency, City, and Corporation, and their respective officers, officials, employees, representatives, agents, and volunteers harmless from and against any losses or liabilities arising from, relating to, or in any way connected with, any claim by any broker, agent or finder for any commission, fee or other compensation in connection with the purchase and sale of the Property as contemplated herein. The indemnities set forth in this Section shall survive the Escrow Closing Date and the termination of this Lease and Purchase Agreement.

ARTICLE 6. MISCELLANEOUS.

6.1 Costs of Conveyance. All costs not otherwise allocated by Section 3.7 herein related to Seller's grant and conveyance of the Property to Buyer shall be borne equally by the Parties fifty-fifty (50/50).

6.2 Attorneys' Fees; Litigation. In the event either party to this Purchase and Sale Agreement should default under any of the provisions hereof, and the non-defaulting Party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting Party herein contained, the defaulting Party agrees that it will on demand therefor pay to the non-defaulting Party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting Party.

6.3 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission,

provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To City:	City of Cerritos 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: City Manager Fax: (562) 916-1371
With a copy to:	Brown, Winfield & Conzoneri, Inc. 300 S. Grand Avenue, 15th Floor Los Angeles, CA 90071 Attn: Mark W. Steres, Esq. Fax: (213) 687-1733
and copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

6.4 Authority. The person(s) executing this Purchase and Sale Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Purchase and Sale Agreement on behalf of said Party, (iii) by so executing this Purchase and Sale Agreement, such Party is formally bound to the provisions of this Purchase and Sale Agreement, and (iv) the entering into this Purchase and Sale Agreement does not violate any provision of any other agreement to which said Party is bound.

6.5 Execution in Counterpart. This Purchase and Sale Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all Parties hereto, notwithstanding that all Parties are not signatories to the original or the same counterpart.

6.6 Assignment. Buyer shall not assign this Purchase and Sale Agreement or any right or privilege Buyer might have under this Purchase and Sale Agreement without the prior written consent of Seller, which consent may be granted or denied in Seller's sole and absolute discretion. Seller shall not assign this Purchase and Sale Agreement or any right or privilege Seller might have under this Purchase and Sale Agreement without the prior written consent of Buyer, which consent may be granted or denied in Buyer's sole and absolute discretion unless Seller's proposed assignee is either Agency or Corporation, in which case Buyer shall approve said assignment so long as the assignee agrees in a written notice to Buyer to carry out and observe each of Seller's obligations hereunder, including all Sub-Attachments hereto.

6.7 Third Party Beneficiaries. Except as set forth in the next sentence, nothing in this Purchase and Sale Agreement shall be construed to confer any rights upon any party not signatory to this Purchase and Sale Agreement. Agency and Corporation are express third party beneficiaries of this Purchase and Sale Agreement and shall have the right but not the obligation to enforce the provisions hereof.

6.8 Binding on Heirs. This Purchase and Sale Agreement shall be binding upon the Parties hereto and their respective heirs, representatives, transferees, successors, and assigns.

6.9 Time of the Essence. Time is of the essence with respect to each of the terms, covenants, and conditions of this Purchase and Sale Agreement.

6.10 Condemnation. In the event the Property is taken, in whole or in part, or designated to be taken by condemnation proceedings other than condemnation proceedings instigated by either Buyer or Seller, or proceedings in lieu thereof, prior to the Close of Escrow, Buyer shall have the right to terminate this Purchase and Sale Agreement and cancel Escrow by delivering to Seller and Escrow Holder written notice thereof. In the event Buyer does not elect to terminate this Purchase and Sale Agreement pursuant to this Section, Buyer shall be entitled to all condemnation proceeds upon the Close of Escrow so long as Buyer deposits into Escrow and pays to Seller the full Purchase Price. In the event Buyer does not elect to terminate this Purchase and Sale Agreement, Seller shall consult with Buyer regarding any proposed settlement with the condemnor but Seller shall have the right to approve in its sole and absolute discretion any settlement with condemnor. Seller shall deposit any such proceeds with Escrow Holder.

6.11 Entire Agreement, Waivers and Amendments. This Purchase and Sale Agreement, and any written agreement entered into by the Parties with respect to the Property including the AH/F/DDA and Lease and Option Agreement, incorporate all of the terms and conditions mentioned herein, or incidental hereto, and supersede all negotiations and previous agreements between the Parties with respect to all or part of the subject matter thereof. All waivers of the provisions of this Purchase and Sale Agreement must be in writing and signed by the appropriate authorities of the Party to be charged. Any amendment or modification to this Purchase and Sale Agreement must be in writing and executed by Seller and Buyer.

6.12 Attachments. Sub-Attachments "3-A," "3-B," "3-C," and "3-D" attached to this Purchase and Sale Agreement are incorporated herein by this reference and made a part hereof. Said Sub-Attachments are identified as follows:

"3-A" - LEGAL DESCRIPTION OF PROPERTY
"3-B" - GRANT DEED
"3-C" - PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE
"3-D" NON-FOREIGN AFFIDAVIT

6.13 Effect of Recitals. The Recitals above are deemed true and correct, are hereby incorporated into this Section as though fully set forth herein, and Seller and Buyer acknowledge and agree that they are each bound by same.

6.14 References and Other Terms. Any reference to any document shall include such document both as originally executed and as it may from time to time be amended. References herein to "Article," "Section," "Subsection," "Exhibit," "Attachment" or "Sub-Attachment" shall be construed as references to this Purchase and Sale Agreement unless a different document is named. References to "this Article,' "this Section" or "this Subsection" shall be construed to mean the same Article, Section or Subsection in which the reference appears. The terms "including" and "include" shall mean "including (include) without limitation."

6.15 Severability. If any provision in this Purchase and Sale Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

6.16 Interpretation: Governing Law. This Purchase and Sale Agreement shall be construed according to its fair meaning and as if prepared by both Parties hereto. This Purchase and Sale Agreement shall be construed in accordance with the laws of the State of California in effect on the Purchase and Sale Effective Date without regard to conflict of law principles.

6.17 Covenants to Survive Escrow. The covenants and agreements contained in this Purchase and Sale Agreement shall survive the Close of Escrow.

6.18 Conflicts of Interest. No director, officer, official, representative, agent or employee of the District shall have any financial interest, direct or indirect, in this Purchase and Sale Agreement.

6.19 Nondiscrimination. There shall be no discrimination by Seller or Buyer against any person on account of race, color, religion, sex, marital status, national origin, or ancestry in the performance of their respective obligations under this Purchase and Sale Agreement.

6.20 Rights and Remedies are Cumulative. Except as may be otherwise expressly stated in this Purchase and Sale Agreement, the rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of its right or remedies shall not preclude the exercise by it, at the same time or at different times, of any other rights or remedies for the same default or any other default by another Party.

6.21 Provisions Required by Law Deemed Inserted. Each and every provision of law and clause required by law to be inserted in this Purchase and Sale Agreement shall be deemed to be inserted herein and the Purchase and Sale Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon application of either Party the Purchase and Sale Agreement shall forthwith be physically amended to make such insertion or correction.

6.22 Cooperation. Buyer and Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein in order to complete the acquisition of the Property and/or to accomplish the objectives and requirements that are set out in this Purchase and Sale Agreement. Both Buyer and Seller hereby agree to cooperate with each other by executing such other documents or taking such other actions as may be reasonably necessary to complete this transaction in accordance with the intent of the Parties as evidenced in this Purchase and Sale Agreement and attached Sub-Attachments hereto.

6.23 Nonliability of Officials and Employees. No member, official, employee, or contractor of City, Agency or Corporation shall be personally liable to District in the event of any default by City or for any amount which may become due to District or on any obligations under the terms of this Purchase and Sale Agreement. No member, official, employee, or contractor of District shall be personally liable to Agency, City, or Corporation in the event of any default by District or for any amount which may become due to Agency, City, or Corporation or on any obligations under the terms of this Purchase and Sale Agreement.

6.24 Default and Termination; Continued Enforceability of Other Agreements. Notwithstanding any provision in this Purchase and Sale Agreement to the contrary, in the event that either Party defaults or breaches any covenant or obligation for which a Party must perform under this Purchase and Sale Agreement, or either Party terminates this Purchase and Sale Agreement and the Escrow as authorizes herein, such default or termination shall not release the Parties from the covenants and obligations set forth in the AH/F/DDA (and Exhibits attached thereto, including the Lease and Option Agreement). In explanation of the foregoing, the Lease and Option Agreement shall remain in full force and effect until the Close of Escrow, and if Escrow does not close, the Lease and Option Agreement shall remain in full force and effect for the duration of the 166th/Moore Streets Properties Lease Term as defined therein. Nothing in this Section shall be deemed to release a Party in default under this Purchase and Sale Agreement from performance of the Party's covenants and obligations set forth herein. A Party not in default of this Purchase and Sale Agreement shall have the right to pursue any right or remedy available at law or in equity for such default of this Purchase and Sale Agreement, including but not limited to specific performance.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have entered into this Purchase and Sale Agreement as of the Purchase and Sale Effective Date.

Dated: _____

"CITY"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

Dated: _____

DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

SUB-ATTACHMENT "3-A" TO ATTACHMENT 3

<u>LEGAL DESCRIPTION OF PROPERTY</u>
(Moore Street Property)

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

SUB-ATTACHMENT "3-B" TO ATTACHMENT 3

<u>GRANT DEED</u>
(Moore Street Property)

[Attached]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ABC Unified School District
_____
Cerritos, CA _____
Attn: Superintendent

(Space Above This Line For Recorder's Use)

The undersigned grantor(s) declare(s):
This conveyance is exempt from the payment of a documentary transfer tax pursuant to Revenue and Taxation Code Section 11922.

This document is being recorded for the benefit of the _____ Unified School District and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

GRANT DEED
(Moore Street Property)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF CERRITOS, a California municipal corporation ("Grantor") hereby grant "AS-IS," "WHERE-IS," "WITH ALL FAULTS" to the ABC UNIFIED SCHOOL DISTRICT, a public school district organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California (the "Grantee"), that certain real property located in the City of Cerritos, County of Los Angeles, State of California, located at 12880 Moore Street and more particularly described in the legal description attached hereto as Sub-Sub-Attachment No. "1" and incorporated herein by this reference ("Property"), subject to the reservation of all other easements, encumbrances, covenants, and other matters of record or apparent by a physical inspection of the Property.

Dated: _____

"GRANTOR"

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
City Clerk

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

SUB-SUB-ATTACHMENT No. "1" to SUB-ATTACHMENT "3-A"
(Moore Street Property)

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

SUB-ATTACHMENT "3-C" TO ATTACHMENT 3

PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE
(Government Code Section 27281)

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, from _____ to the _____ UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California, is hereby accepted by the undersigned officer on behalf of the _____ Unified School District pursuant to authority conferred by the California Constitution and California Education Code sections 1240 et seq., and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

ABC UNIFIED SCHOOL DISTRICT

By: _____
Its: _____

ATTEST:

By: _____
Clerk of the Governing Board of the
ABC Unified School District

SUB-ATTACHMENT "3-D" TO ATTACHMENT 3

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that the transferee of an interest in real property located in the United States must withhold tax if the transferor is a foreign person. To inform the ABC UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1 of Division 3 of Title 2 of the Education Code of the State of California ("Transferee"), that withholding of tax is not required upon the sale by the City of Cerritos, a California municipal corporation ("Transferor"), of its fee simple interest in that certain real property sold pursuant to the Agreement of Purchase and Sale and Joint Escrow Instructions dated _____, _____, which real property is described in the legal description and depicted in the map attached to this Purchase and Sale Agreement as Sub-Sub-Attachment No. "1" and incorporated herein by this reference, the undersigned hereby certifies the following:

The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and the income tax regulations promulgated thereunder);

The Transferor's United States Taxpayer Identification Number is _____.

The Transferor's office address is 18125 Bloomfield Avenue, Cerritos, California, 90703; and

The Internal Revenue Service has not issued any notice with respect to Transferor or listed Transferor as a person whose affidavit may not be relied upon for purposes of Section 1445 of the Internal Revenue Code.

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

[Continued on next page]

Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I am the _____ of the Transferor, and that I have authority to sign this document on behalf of the Transferor.

Dated: _____

CITY OF CERRITOS, a California municipal corporation

By: _____

Its: _____

ATTEST:

_____
Clerk

SUB-SUB-ATTACHMENT No. "1" to SUB-ATTACHMENT "3-D"
(Moore Street Property)

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Cerritos, County of Los Angeles, State of California legally described as follows:

[attach legal description]

ATTACHMENT "4" TO LEASE AND OPTION AGREEMENT
(*Moore Street Property*)

166th/MOORE STREETS PROPERTIES PURCHASE PRICE SCHEDULE

[Attached]

166th/Moore Streets Properties Purchase Price Schedule

Rent Payment Date	Purchase Price
1.	$14482577.53
2.	$14465082.46
3.	$14447514.50
4.	$14429873.33
5.	$14412158.66
6.	$14394370.19
7.	$14376507.59
8.	$14358570.56
9.	$14340558.80
10.	$14322471.99
11.	$14304309.82
12.	$14286071.97
13.	$14267758.13
14.	$14249367.98
15.	$14230901.21
16.	$14212357.49
17.	$14193736.50
18.	$14175037.93
19.	$14156261.45
20.	$14137406.73
21.	$14118473.45

22.	$14099461.29
23.	$14080369.90
24.	$14061198.97
25.	$14041948.16
26.	$14022617.14
27.	$14003205.57
28.	$13983713.12
29.	$13964139.45
30.	$13944484.22
31.	$13924747.10
32.	$13904927.74
33.	$13885025.80
34.	$13865040.93
35.	$13844972.80
36.	$13824821.04
37.	$13804585.33
38.	$13784265.29
39.	$13763860.59
40.	$13743370.87
41.	$13722795.77
42.	$13702134.95
43.	$13681388.04
44.	$13660554.68
45.	$13639634.52
46.	$13618627.19

47.	$13597532.33
48.	$13576349.58
49.	$13555078.56
50.	$13533718.91
51.	$13512270.27
52.	$13490732.25
53.	$13469104.50
54.	$13447386.63
55.	$13425578.26
56.	$13403679.03
57.	$13381688.56
58.	$13359606.45
59.	$13337432.34
60.	$13315165.83

[Option Term expires 5 years (60 months) after

Certificate of Occupancy Seventy Percent Date]

EXHIBIT "K"

GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

[Attached]

ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

This ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE ("Assignment") is entered into as of the ____ day of _____, _____, by and between the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and the CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

R E C I T A L S:

A. Agency is the holder of a ground lease interest in three parcels of certain real property located in the City of Cerritos, County of Los Angles, State of California, described in the legal descriptions attached as Exhibit "B-2", Exhibit "B-3", and Exhibit "B-4" to the AH/F/DDA (the "Ground Lease Parcels").

B. On or about _____, _____, Agency, Corporation, City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district ("District"), entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, which parcels include the Ground Lease Parcels. The Ground Lease Parcels are subject to the terms, covenants, and conditions set forth in the AH/F/DDA. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The AH/F/DDA and all of the terms, covenants, and conditions therein are incorporated into this Agreement by this reference. Capitalized terms used in this Agreement and not otherwise defined shall have the same meanings as set forth in the AH/F/DDA.

C. Pursuant to the AH/F/DDA, Agency purchased the ground lease interest from District pursuant to that certain Ground Lease by and between District and Agency, dated _____, _____ (the "Ground Lease") for the purpose of acquiring the site to be used for the Senior Affordable Residential Complex, Senior Center, and Park (and related improvements). Upon satisfaction of conditions as provided in the AH/F/DDA, Agency is required to assign its ground lease interest in the Ground Lease Parcels to Corporation for the development, ownership, and management of the Senior Affordable Residential Complex, Senior Center, and Park (and related improvements).

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment of Ground Lease. Agency hereby expressly transfers and assigns all of its right, title, and interest in the Ground Lease Parcels and the Ground Lease to Corporation.

2. Assumption of Ground Lease. Corporation hereby expressly assumes all of Agency's right, title, and interest in the Ground Lease Parcels and the Ground Lease. Corporation expressly agrees to keep, perform, and fulfill all of the terms, conditions, covenants, and obligations required to be kept, performed, and fulfilled by Agency that are set forth in the Ground Lease.

3. Agency as Guarantor for Payment of Rent. Agency shall execute the Ground Lease Rent Payment Guaranty concurrently with this Assignment, as required by the AH/F/DDA.

4. Memorandum of Assignment. Pursuant to the requirements of the AH/F/DDA, Corporation and Agency shall, concurrently with the execution of this Assignment, execute the Memorandum of Assignment and Assumption Agreement in the form attached to the AH/F/DDA. The Memorandum of Assignment and Assumption Agreement shall be recorded in the Recorder's Office as prescribed by the AH/F/DDA.

5. Release of Agency. District expressly acknowledges that Corporation shall be the "Tenant" as identified in the Ground Lease, and District hereby releases Agency from all of Agency's obligations as Lessee under the Ground Lease except for the Agency Guarantor Obligation.

6. Subsequent Actions. Agency, Corporation, and District shall cooperate and shall inform all governmental agencies as may be required by law to be notified of this Assignment, including if applicable the United States Internal Revenue Service and any state of county tax collecting agency.

7. Execution in Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[signatures on next page]

IN WITNESS WHEREOF, Agency and Foundation have entered into this Assignment as of the date first set forth above.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

ACKNOWLEDGED AND AGREED:
The undersigned hereby acknowledges and agrees to the terms of the assignment and assumption of the parties hereto as set forth herein.

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

EXHIBIT "L-1"

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Assignment and Assumption Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

This MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and the CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

RECITALS

A. On or about _____, _____, Agency, Corporation, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district ('District"), entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California for the purpose of developing and providing for a senior affordable residential complex, senior center, and park (and related improvements). The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, on _____, _____, Agency and District entered into that certain "Ground Lease" as evidenced by the Memorandum of Ground Lease dated _____, _____, and recorded on _____, _____, as Instrument No. _____ of the Official Record of Los Angeles County, California. The Ground Lease contemplates among other items more specifically set forth therein the development and maintenance of the senior affordable residential complex, senior center, and park (and related improvements). The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. Pursuant to the AH/F/DDA and Ground Lease, Agency is the holder of a ground lease interest in that certain real property located in the City of Cerritos, County of Los Angeles, State of California, as more particularly described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Ground Lease Parcel"). Upon satisfaction of conditions as provided in the AH/F/DDA, Agency is required to assign its interest in the Ground Lease and Ground Lease Parcel to Corporation for the development, ownership, and management of the senior affordable residential complex, senior center, and park (and related improvements).

D. On or about even date of this Memorandum, Agency and Corporation executed that certain Assignment and Assumption Agreement Affecting Ground Lease ("Ground Lease Assignment and Assumption Agreement") thereby transferring and assigning from Agency to Corporation all of Agency's right, title and interest in the Ground Lease Parcel and in the Ground Lease. District, as Landlord, has acknowledged and accepted the Ground Lease Assignment and Assumption Agreement.

E. The AH/F/DDA provides that a short form memorandum of the Ground Lease Assignment and Assumption Agreement shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Agency, as "Tenant" in the Ground Lease, has assigned to Corporation, and Corporation has assumed from Agency, Agency's right, title and interest in the Ground Lease Parcel and Ground Lease upon the terms and conditions provided in the Ground Lease Assignment and Assumption Agreement. This Memorandum is not a complete summary thereof, and shall not be used to interpret the provisions of the Ground Lease or the Ground Lease Assignment and Assumption Agreement.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Agency and Corporation have entered into this Memorandum as of the date first set forth above.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

ATTACHMENT "1" TO

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

LEGAL DESCRIPTION

[Insert legal description of appropriate Ground Lease Parcel]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "L-2"

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

FOR SENIOR CENTER PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Assignment and Assumption Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

This MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and the CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

RECITALS

A. On or about _____, _____, Agency, Corporation, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district ('District"), entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California for the purpose of developing and providing for a senior affordable residential complex, senior center, and park (and related improvements). The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, on _____, _____, Agency and District entered into that certain "Ground Lease" as evidenced by the Memorandum of Ground Lease dated _____, _____, and recorded on _____, _____, as Instrument No. _____ of the Official Record of Los Angeles County, California. The Ground Lease contemplates among other items more specifically set forth therein the development and maintenance of the senior affordable residential complex, senior center, and park (and related improvements. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. Pursuant to the AH/F/DDA and Ground Lease, Agency is the holder of a ground lease interest in that certain real property located in the City of Cerritos, County of Los Angeles, State of California, as more particularly described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Ground Lease Parcel"). Upon satisfaction of conditions as provided in the AH/F/DDA, Agency is required to assign its interest in the Ground Lease and Ground Lease Parcel to Corporation for the development, ownership, and management of the senior affordable residential complex, senior center, and park (and related improvements).

D. On or about even date of this Memorandum, Agency and Corporation executed that certain Assignment and Assumption Agreement Affecting Ground Lease ("Ground Lease Assignment and Assumption Agreement") thereby transferring and assigning from Agency to Corporation all of Agency's right, title and interest in the Ground Lease Parcel and in the Ground Lease. District, as Landlord, has acknowledged and accepted the Ground Lease Assignment and Assumption Agreement.

E. The AH/F/DDA provides that a short form memorandum of the Ground Lease Assignment and Assumption Agreement shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Agency, as "Tenant" in the Ground Lease, has assigned to Corporation, and Corporation has assumed from Agency, Agency's right, title and interest in the Ground Lease Parcel and Ground Lease upon the terms and conditions provided in the Ground Lease Assignment and Assumption Agreement. This Memorandum is not a complete summary thereof, and shall not be used to interpret the provisions of the Ground Lease or the Ground Lease Assignment and Assumption Agreement.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Agency and Corporation have entered into this Memorandum as of the date first set forth above.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

ATTACHMENT "1" TO

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

LEGAL DESCRIPTION

[Insert legal description of appropriate Ground Lease Parcel]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "L-3"

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

FOR PARK PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Assignment and Assumption Agreement is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

This MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE ("Memorandum") is hereby entered into as of _____, _____, by and between the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and the CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

RECITALS

A. On or about _____, _____, Agency, Corporation, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district ('District"), entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California for the purpose of developing and providing for a senior affordable residential complex, senior center, and park (and related improvements). The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. Pursuant to the terms and conditions of the AH/F/DDA, on _____, _____, Agency and District entered into that certain "Ground Lease" as evidenced by the Memorandum of Ground Lease dated _____, _____, and recorded on _____, _____, as Instrument No. _____ of the Official Record of Los Angeles County, California. The Ground Lease contemplates among other items more specifically set forth therein the development and maintenance of the senior affordable residential complex, senior center, and park (and related improvements. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. Pursuant to the AH/F/DDA and Ground Lease, Agency is the holder of a ground lease interest in that certain real property located in the City of Cerritos, County of Los Angeles, State of California, as more particularly described in the legal description attached hereto as Attachment "1" and incorporated herein by this reference ("Ground Lease Parcel"). Upon satisfaction of conditions as provided in the AH/F/DDA, Agency is required to assign its interest in the Ground Lease and Ground Lease Parcel to Corporation for the development, ownership, and management of the senior affordable residential complex, senior center, and park (and related improvements).

D. On or about even date of this Memorandum, Agency and Corporation executed that certain Assignment and Assumption Agreement Affecting Ground Lease ("Ground Lease Assignment and Assumption Agreement") thereby transferring and assigning from Agency to Corporation all of Agency's right, title and interest in the Ground Lease Parcel and in the Ground Lease. District, as Landlord, has acknowledged and accepted the Ground Lease Assignment and Assumption Agreement.

E. The AH/F/DDA provides that a short form memorandum of the Ground Lease Assignment and Assumption Agreement shall be executed and recorded in the Official Records of Los Angeles County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Agency, as "Tenant" in the Ground Lease, has assigned to Corporation, and Corporation has assumed from Agency, Agency's right, title and interest in the Ground Lease Parcel and Ground Lease upon the terms and conditions provided in the Ground Lease Assignment and Assumption Agreement. This Memorandum is not a complete summary thereof, and shall not be used to interpret the provisions of the Ground Lease or the Ground Lease Assignment and Assumption Agreement.

2. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that the parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Agency and Corporation have entered into this Memorandum as of the date first set forth above.

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

ATTACHMENT "1" TO

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING GROUND LEASE

LEGAL DESCRIPTION

[Insert legal description of appropriate Ground Lease Parcel]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "M-1"

GROUND LEASE RENT PAYMENT GUARANTY

[Attached]

GROUND LEASE RENT PAYMENT GUARANTY

This GROUND LEASE RENT PAYMENT GUARANTY ("Guaranty") is dated for reference purposes as of_____, _____, and executed by CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Guarantor" and "Agency"), in favor of the ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District"), on the basis of the following:

R E C I T A L S

A. On or about _____, _____, Agency, District, the CITY OF CERRITOS, a California municipal corporation ("City"), and CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation" and "Primary Obligor") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, to facilitate the provision of affordable housing for senior citizens within the City. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. District is the owner in fee of that certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-1" (the "Norwalk Boulevard Property"). The District has declared the Norwalk Boulevard Property as surplus property pursuant to District Resolution No. 06-31 and determined that the best use is for a long-term lease to generate sufficient income to cover the cost of alternative District facilities and provide substantial revenue to support ongoing facility needs. In response to District's solicitation of bids, Agency adopted Resolution No. CRA 2007-2 on June 14, 2007, which authorized Agency to submit a proposal for the long-term lease of the Norwalk Boulevard Property. Pursuant to Resolution No. CRA 2007-2, Agency submitted a bid to lease the Norwalk Boulevard Property, which was accepted by District at a duly noticed regular hearing.

C. Pursuant to the AH/F/DDA, Agency and District jointly applied for the subdivision of the Norwalk Boulevard Property in accordance with the Subdivision Map Act (Government Code Section 66410 et seq.), the City of Cerritos Municipal Code, and any and all state and local implementing rules, regulations, and policies. The purpose for the subdivision of the Norwalk Boulevard Property was to create separate legal parcels in order to effectively develop, operate, and manage a senior citizen affordable housing complex, senior citizen recreation center, and park (and related improvements thereto). Pursuant to the subdivision procedures as provided in law, the City of Cerritos Planning Commission and City Council approved the following legal parcels: that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-2" (the "Senior Affordable Residential Complex Parcel"); that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-3" (the "Senior Center Parcel"); and that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal

description attached to the AH/F/DDA as Exhibit "B-4" (the "Park Parcel"). Collectively, the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel are the "Ground Lease Parcels."

D. Pursuant to the AH/F/DDA, in the event that the Planning Commission and City Council approved the subdivision of the Ground Lease Parcels, the final map creating said parcels was to be recorded in the Los Angeles County Registrar-Recorder/County Clerk's Office ("Recorder's Office") immediately prior to the transfer of a ground leasehold interest in the Norwalk Boulevard Property from District to Agency as serviced through an escrow established therefore (the "Ground Lease Escrow"). As such, District would remain the owner of fee title to the Ground Lease Parcels and would transfer to Agency a ground leasehold interest in the Ground Lease Parcels.

E. On or about _____, _____, Agency and District entered into that certain "Ground Lease" for the Ground Lease Parcels to further the goal of providing a site for the development and operation of a senior citizen affordable housing community by Corporation, in accordance with the AH/F/DDA. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The Memorandum of the Ground Lease as the same pertains to the Senior Affordable Residential Complex Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office; the Memorandum of the Ground Lease as the same pertains to the Senior Center Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office; and the Memorandum of the Ground Lease as the same pertains to the Park Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office. By so acquiring the leasehold interests in the Ground Lease Parcels and satisfying its obligations as provided in the Ground Lease and AH/F/DDA, Agency will fulfill its obligations under the Community Redevelopment Law, Health and Safety Code Section 33000 et seq., (the "CRL") to provide, improve, and preserve affordable housing within the City of Cerritos.

F. Pursuant to the AH/F/DDA, the Corporation will be responsible for the development, operation, and management of the Cuesta Villas Project, which includes the Senior Affordable Residential Complex, Senior Center, and Park (all as defined in the AH/F/DDA). Also pursuant to the AH/F/DDA, Agency must assign the Ground Lease and Agency's interest in the Ground Lease Parcels to Corporation to effectuate Corporation's purposes.

G. To ensure that District receives the total amount of Ground Lease Rent for the duration of the Ground Lease Rent Payment Term (as those terms are defined in the Ground Lease), the Parties to the AH/F/DDA agreed to the following: (1) from the date Agency assigns to Corporation and Corporation assumes from Agency the Ground Lease and Agency's interest in the Ground Lease Parcels, until the Tax Increment Termination Date as defined in the AH/F/DDA (which is defined therein as the "Guaranty Term"), Agency shall be the guarantor on behalf of Corporation for the benefit of District to pay for any deficiency by Corporation in the payment of Ground Lease Rent as evidenced by the Ground Lease Rent Payment Guaranty in the form attached to the AH/F/DDA and executed concurrently with this DACA; and (2) from the expiration of the Guaranty Term until payment in full of all Ground Lease Rent due by the

expiration of the Ground Lease Rent Payment Term, District would have a secured interest in the Cuesta Villas Project Trust Fund, as evidenced by this Deposit Account Control Agreement and UCC Financing Statement, to pay for any deficiency in the payment by Corporation of the Ground Lease Rent.

H. Pursuant to the AH/F/DDA, Agency is required to execute this Guaranty for the benefit of the District. The District will have the ability to enforce the terms and conditions of this Guaranty for the time period set forth herein.

A G R E E M E N T

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Guarantor agrees as follows:

ARTICLE 1. DEFINITIONS

If not defined in the AH/F/DDA or the Ground Lease, capitalized terms used in this Guaranty are defined wherein used in this Guaranty. Unless otherwise defined herein, all capitalized terms shall have the same meaning ascribed to them in the AH/F/DDA and Ground Lease, which meanings are incorporated by this reference.

"Deposit Account Control Agreement" and "DACA" shall mean that certain agreement substantially in the form attached to the AH/F/DDA as Exhibit "M-2."

"Guaranty" shall mean this Ground Lease Rent Payment Guaranty.

"Guaranty Term" shall have the meaning set forth in Article 2 of this Guaranty.

"Primary Obligor" shall mean the Cuesta Villas Housing Corporation, a California nonprofit corporation.

"Tax Increment" shall mean that portion of taxes required to be allocated to Agency pursuant to Health and Safety Code Section 33670 or successor statute.

"Tax Increment Termination Date" shall mean the date that is last date, immediately prior to the expiration of the Los Coyotes and Amended Los Cerritos Redevelopment Plan, on which Agency receives from the county auditor (or officer responsible for payment of Tax Increment) Agency's payment of Tax Increment. Said date shall be no later than May 6, 2026, the date on which the Los Coyotes and Amended Los Cerritos Redevelopment Plan expires.

ARTICLE 2. GUARANTY

2.1 Guaranty of Payment Obligation for Primary Obligor. For the duration of the Guaranty Term, Guarantor promises to pay and guarantees to District the full and faithful payment of the Ground Lease Rent owed by Primary Obligor to District pursuant to the Ground Lease. If at any time during the Guaranty Term the Primary Obligor fails, neglects, or refuses to pay any amount of the Ground Lease Rent when due and payable to District, then Guarantor shall pay such amount in accordance with this Guaranty.

2.2 Notice of Deficiency in Payment of Ground Lease Rent**.** In the event that during the Guaranty Term Corporation fails to pay the full amount of Ground Lease Rent when due and payable, and if after the expiration of the notice (a copy of which notice shall be concurrently sent to Guarantor) and cure periods as set forth in the Ground Lease, Corporation fails to pay the full amount of Ground Lease Rent, then District shall deliver to Guarantor a second written notice of the amount of Ground Lease Rent that has not been paid by Corporation. Within ten (10) days of receipt of said notice of non-payment, Guarantor shall review any necessary records of District and/or Corporation to verify whether the amount claimed by District as being unpaid by Corporation has, in fact, not been or is not immediately payable by Corporation. District and Corporation shall cooperate with Guarantor during the ten (10) day period in which Guarantor attempts to verify the amount of unpaid Ground Lease Rent. Provided that District can substantiate the amount of Ground Lease Rent that has not been paid by Corporation, on or prior to the expiration of such ten (10) day period, Guarantor shall pay to District the amount of unpaid Ground Lease Rent. If Guarantor is unable to verify the amount that is claimed by District as being unpaid Ground Lease Rent, Guarantor and District shall meet and confer in good faith to resolve the disputed amount of unpaid Ground Lease Rent within ten (10) days of Guarantor's denial of payment of the claimed unpaid Ground Lease Rent. In the event that Guarantor and District do not resolve the disputed amount of unpaid Ground Lease Rent by the end of the meet and confer period, then District may pursue any rights and remedies for payment of any unpaid Ground Lease Rent as authorized by this Guaranty. Any unpaid Ground Lease Rent due under this Guaranty, if not paid by Guarantor within ten (10) days of the expiration of the cure periods set forth in the Ground Lease, shall bear interest from the date due until paid at the rate of ten percent (10%) per annum or the maximum non-usurious rate allowed by law, whichever is less.

2.3 Term of Guaranty. The term of this Guaranty ("Guaranty Term") shall commence on the date that Agency and Corporation have executed, and District has acknowledged acceptance of, the Ground Lease Assignment and Assumption Agreement (in the form attached to the AH/F/DDA), and said term shall terminate on the Tax Increment Termination Date. Upon the termination of the Guaranty Term, Guarantor shall have the right to request of District in writing a return of all executed originals of this Guaranty, and no later than thirty (30) days after delivery of said written request, District shall deliver to Guarantor all executed originals of this Guaranty.

2.4 Obligations Specific to District and Agency. Notwithstanding any provision in the AH/F/DDA (which includes by definition all Exhibits attached thereto, including the Ground Lease) or in this Guaranty to the contrary, Guarantor's obligation to guarantee the payment of Ground Lease Rent as set forth herein shall be enforceable only by District and only so long as: (i) District is "Landlord" and owner in fee of the Ground Lease Parcels; and (ii) Corporation is "Tenant" in the Ground Lease and owner of the Improvements and Tenant FF&E that comprise the Senior Affordable Residential Complex, Senior Center, and Park (provided, however, the Ground Lease for the Park Parcel may be terminated early pursuant to Article 13 of the Ground Lease and the Park Parcel may revert to District without terminating or effecting the Guarantor's obligations under this Guaranty). Except as specifically permitted by the AH/F/DDA or Ground Lease, in the event that District transfers or assigns its interest in the Ground Lease and/or the

Ground Lease Parcels (or any portion thereof) to a third party without the prior written consent by Guarantor, then Guarantor's obligation to guarantee the payment of the Ground Lease Rent as provided herein shall not transfer to any of District's transferees or assignees, and this Guaranty and Guarantor's obligations hereunder shall terminate and be null and void from the date of said unapproved transfer or assignment; provided, however, District shall have the right to rescind such unapproved transfer or assignment within thirty (30) days of the date of such unapproved transfer or assignment, and, in such event, this Guaranty shall be reinstated and continue in full effect in accordance with its terms.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties by Guarantor. Guarantor hereby makes the following representations and warranties to District, and acknowledges that the entering into of the AH/F/DDA and Ground Lease by District is made in MATERIAL reliance by District of the following: (a) Guarantor is a public body, corporate and politic, duly authorized and existing under the laws of the State of California; (b) neither the execution and delivery of this Guaranty nor compliance with its terms and conditions shall conflict with or result in a breach of any guaranty or instrument by which Guarantor is bound; (c) for the duration of the Guaranty Term, Guarantor has assets in excess of the amount required for the payment of the Ground Lease Rent as it may become due and payable pursuant to the Ground Lease; and (d) there are no conditions precedent to the effectives of this Guaranty and this Guaranty shall be in full force and effect and binding on Guarantor whether District obtains other collateral or any guaranties from others.

3.2 Information Not Required. Guarantor represents that it is fully aware of the Primary Obligor's financial condition and operation, and is in a position to obtain all necessary financial and operational information concerning the Primary Obligor. District has no duty or covenant to disclose to Guarantor any information about the financial condition or operation of the Primary Obligor, any other obligation that is guaranteed by this Guaranty or the AH/F/DDA, or any other guarantors.

ARTICLE 4. DEFAULT

4.1 Event of Default. Guarantor shall be in default hereunder upon the occurrence of either of the following (an "Event of Default"): (a) Guarantor fails to pay any amount owing under this Guaranty as and when due; or (b) any representation, warranty or covenant contained in this Guaranty fails to be true and correct in all material respects. Upon the occurrence of an Event of Default, District shall have all rights and remedies contained in this Guaranty and available at law or in equity.

4.2 Cumulative Rights. The extent of Guarantor's liability, all rights, powers, and remedies of District under this Guaranty shall be cumulative, and such rights, powers, and remedies shall be in addition to all rights, powers, and remedies given to District by law. If an Event of Default occurs, District may pursue and maintain any appropriate action or proceeding upon this Guaranty, whether or not the Primary Obligor is joined therein and whether or not a separate action is brought against the Primary Obligor.

ARTICLE 5. MISCELLANEOUS

5.1 Notices, Demands, and Communications Between the Parties. All notices required to be delivered under this Guaranty to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To Agency:	Cerritos Redevelopment Agency 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Executive Director Fax: (562) 916-1371
With a copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Dan Slater, Esq. Fax: (714) 546-9034
To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
With a copy to:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333

Notices personally delivered or delivered by document delivery service shall be deemed delivered upon receipt. Notices mailed shall be deemed delivered on the third (3rd) business day following deposit in the United States mail. Notices delivered by telecopy or fax transmission shall be deemed delivered upon printed confirmation of successful delivery to the receiving party.

5.2 Nonliability of Officials and Employees. No member, official, employee, or contractor of Agency or City shall be personally liable to District in the event of any default by Agency or City or for any amount which may become due to District or on any obligations under the terms of this Agreement.

5.3 California Law. This Guaranty shall be governed by and construed in accordance with the internal laws of the State of California without regard to conflict of law principles.

5.4 Prohibition of Transfer or Assignment. District shall not transfer or assign all or any part of this Guaranty without the prior written consent of Guarantor, which may be granted or denied in Guarantor's sole and absolute discretion.

5.5 Transfer or Assignment of Corporation's Interest in Ground Lease. Notwithstanding any provision in the AH/F/DDA (which includes by definition all Exhibits attached thereto, including the Ground Lease) or in this Guaranty to the contrary, in the event that Corporation transfers or assigns its interest in the Ground Lease or in the Ground Lease Parcels, or any portion thereof, with the consent of District but without the prior written consent of Guarantor, then Guarantor's obligation to guarantee the payment of the Ground Lease Rent as provided herein shall not transfer to any of Corporation's transferees or assignees, and this Guaranty and Guarantor's obligations hereunder shall terminate and be null and void from the date of said transfer or assignment.

5.6 Severability. If any term, provision, covenant, or condition of this Guaranty is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Guaranty shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Guaranty. In the event that all or any portion of this Agreement is found to be unenforceable, this Guaranty or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Guaranty or that portion which is found to be unenforceable.

5.7 Entire Agreement, Waivers, and Amendments. This Guaranty and the AH/F/DDA (which by definition includes all Exhibits attached thereto, including the Ground Lease) embodies the entire agreement and understanding between Guarantor and District pertaining to the subject matter hereof, and supersedes all prior guaranties, understandings, negotiations, representations, and discussions whether verbal or written between Guarantor and District pertaining to the subject matter hereof. No provision of this Guaranty or right of District under this Guaranty can be waived, nor can Guarantor be released from any of its duties or obligations under this Guaranty, except as specifically provided for in this Guaranty or the AH/F/DDA, and except by a writing duly executed by District's authorized designee. No failure or delay by District in exercising any right, power, or privilege under this Guaranty shall operate as a waiver. Except as specifically authorized in this Guaranty and the AH/F/DDA, no term or condition of this Guaranty may be changed, revoked, or amended without District's prior written consent.

5.8 Execution in Counterparts. This Guaranty may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

5.9 Guarantor's Waivers. Guarantor waives: (a) any defense based upon any legal disability or other defense of Corporation, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Corporation from any cause other than full payment of all Ground Lease Rent payable under the Ground Lease; (b) any defense based upon any lack of authority of the officers, directors, members, partners or agents acting or purporting to act on behalf of Corporation or any defect in the formation of Corporation or any principal of Corporation; (c) any defense based upon the application by Corporation of the rents and proceeds from the Ground Lease Parcels for purposes other than the purposes represented by Corporation to District or Guarantor pursuant to the AH/F/DDA or Ground Lease; (d) any defense based upon District's failure to disclose to Guarantor any information concerning Corporation's financial condition or any other circumstances bearing on Corporation's ability to pay Ground Lease Rent under the Ground Lease; (e) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (f) any right of subrogation, any right to enforce any remedy which District may have against Corporation and any right to participate in or benefit from, any security for the Ground Lease Rent now or hereafter held by District; (g) presentment, demand, protest and notice of any kind other than as specifically set forth in the AH/F/DDA, Ground Lease, and this Guaranty; (h) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof; and (i) any defense of Guarantor based upon District's election of any remedy against Guarantor or Corporation or both. Guarantor agrees that the payment of Ground Lease Rent payable under the Ground Lease or other act which tolls any statute of limitations applicable to the Ground Lease shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder. Without limiting the generality of the foregoing or any other provision hereof, Guarantor expressly waives any and all benefits which might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2849, 2850, 2899 and 3433, or any of such sections.

5.10. Subordination. Guarantor subordinates all present and future indebtedness owing by Corporation to Guarantor to the obligation of Corporation to pay Ground Lease Rent to District pursuant to the terms and conditions of the Ground Lease. Guarantor agrees to make no claim for such indebtedness owed by Corporation until the obligation of Corporation under the Ground Lease for the payment of Ground Lease Rent have been fully discharged.

5.11 Additional, Independent and Unsecured Obligations. For the duration of the Guaranty Term, this Guaranty is a continuing guaranty of payment and not of collection and cannot be revoked by Guarantor and only during the Guaranty Term, shall continue to be effective with respect to any obligations for payment of Ground Lease Rent arising or created after any attempted revocation hereof. The obligations of Guarantor hereunder shall be in addition to and shall not limit or in any way affect the obligations of Guarantor under any other existing or future guaranties unless said other guaranties are expressly modified or revoked in writing. This Guaranty is independent of the obligations of Corporation under the Ground Lease. District may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Corporation or any other party or joining Corporation or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not

secured and shall not be deemed to be secured by any security instrument, unless such security instrument expressly recites that it secures this Guaranty.

[Signature page to follow]

IN WITNESS WHEREOF, Guarantor hereby executes this Guaranty as of the date first above written, with signatures acknowledged by a notary public as shown below.

Dated: _____

"AGENCY"

CERRITOS REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Secretary

ACKNOWLEDGED AND AGREED:
The undersigned hereby acknowledges and agrees to the terms of this Guaranty.

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a
California public school district

By: _____

Its: _____

ATTEST:

_____
District Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "M-2"

DEPOSIT ACCOUNT CONTROL AGREEMENT

[Attached]

DEPOSIT ACCOUNT CONTROL AGREEMENT

This Deposit Account Control Agreement ("Agreement" and "DACA") is entered into as of _____, ____, by and among the CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation"), ABC UNIFIED SCHOOL DISTRICT, a California public school district ("District"), and _____ **[INSERT BANK OR INSTITUTION WHERE CUESTA VILLAS PROJECT TRUST FUND IS HELD]** ("Bank").

RECITALS

A. On or about _____, _____, Corporation, District, the CITY OF CERRITOS, a California municipal corporation ("City"), and CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency") entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") which contemplates among other items more specifically set forth therein the transfer and improvement of parcels of real property located in the City of Cerritos, County of Los Angeles, State of California, to facilitate the provision of affordable housing for senior citizens within the City. The AH/F/DDA is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

B. District is the owner in fee of that certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-1" (the "Norwalk Boulevard Property"). The District has declared the Norwalk Boulevard Property as surplus property pursuant to District Resolution No. 06-31 and determined that the best use is for a long-term lease to generate sufficient income to cover the cost of alternative District facilities and provide substantial revenue to support ongoing facility needs. In response to District's solicitation of bids, Agency adopted Resolution No. CRA 2007-2 on June 14, 2007, which authorized Agency to submit a proposal for the long-term lease of the Norwalk Boulevard Property. Pursuant to Resolution No. CRA 2007-2, Agency submitted a bid to lease the Norwalk Boulevard Property, which was accepted by District at a duly noticed regular hearing.

C. Pursuant to the AH/F/DDA, Agency and District jointly applied for the subdivision of the Norwalk Boulevard Property in accordance with the Subdivision Map Act (Government Code Section 66410 et seq.), the City of Cerritos Municipal Code, and any and all state and local implementing rules, regulations, and policies. The purpose for the subdivision of the Norwalk Boulevard Property was to create separate legal parcels in order to effectively develop, operate, and manage a senior citizen affordable housing complex, senior citizen recreation center, and park (and related improvements thereto). Pursuant to the subdivision procedures as provided in law, the City of Cerritos Planning Commission and City Council approved the following legal parcels: that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-2" (the "Senior Affordable Residential Complex Parcel"); that certain real property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-3" (the "Senior Center Parcel"); and that certain real

property in the City of Cerritos, County of Los Angeles, State of California described in the legal description attached to the AH/F/DDA as Exhibit "B-4" (the "Park Parcel"). Collectively, the Senior Affordable Residential Complex Parcel, Senior Center Parcel, and Park Parcel are the "Ground Lease Parcels."

D. Pursuant to the AH/F/DDA, in the event that the Planning Commission and City Council approved the subdivision of the Ground Lease Parcels, the final map creating said parcels was to be recorded in the Los Angeles County Registrar-Recorder/County Clerk's Office ("Recorder's Office") immediately prior to the transfer of a ground leasehold interest in the Norwalk Boulevard Property from District to Agency as serviced through an escrow established therefore (the "Ground Lease Escrow"). As such, District would remain the owner of fee title to the Ground Lease Parcels and would transfer to Agency a ground leasehold interest in the Ground Lease Parcels.

E. On or about _____, _____, Agency and District entered into that certain "Ground Lease" for the Ground Lease Parcels to further the goal of providing a site for the development and operation of a senior citizen affordable housing community by Corporation, in accordance with the AH/F/DDA. The Ground Lease is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703. The Memorandum of the Ground Lease as the same pertains to the Senior Affordable Residential Complex Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office; the Memorandum of the Ground Lease as the same pertains to the Senior Center Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office; and the Memorandum of the Ground Lease as the same pertains to the Park Parcel is dated _____, _____, and recorded as Instrument No. _____ in the Recorder's Office. By so acquiring the leasehold interests in the Ground Lease Parcels and satisfying its obligations as provided in the Ground Lease and AH/F/DDA, Agency will fulfill its obligations under the Community Redevelopment Law, Health and Safety Code Section 33000 et seq., (the "CRL") to provide, improve, and preserve affordable housing within the City of Cerritos.

F. Pursuant to the AH/F/DDA, the Corporation will be responsible for the development, operation, and management of the Cuesta Villas Project, which includes the Senior Affordable Residential Complex, Senior Center, and Park (all as defined in the AH/F/DDA). Also pursuant to the AH/F/DDA, Agency must assign the Ground Lease and Agency's interest in the Ground Lease Parcels to Corporation to effectuate Corporation's purposes.

G. Pursuant to the AH/F/DDA, a trust fund account defined in the AH/F/DDA as the "Cuesta Villas Project Trust Fund" was opened and expressly to be used for Trust Fund Eligible Expenses (as defined in the AH/F/DDA). The Cuesta Villas Project Trust Fund is currently held with Bank.

H. To ensure that District receives the total amount of Ground Lease Rent for the duration of the Ground Lease Rent Payment Term (as those terms are defined in the Ground Lease), the Parties to the AH/F/DDA agreed to the following: (1) from the date Agency assigns to Corporation and Corporation assumes from Agency the Ground Lease and Agency's interest

in the Ground Lease Parcels, until the Tax Increment Termination Date as defined in the AH/F/DDA (which is defined therein as the "Guaranty Term"), Agency shall be the guarantor on behalf of Corporation for the benefit of District to pay for any deficiency by Corporation in the payment of Ground Lease Rent as evidenced by the Ground Lease Rent Payment Guaranty in the form attached to the AH/F/DDA and executed concurrently with this DACA; and (2) from the expiration of the Guaranty Term until payment in full of all Ground Lease Rent due by the expiration of the Ground Lease Rent Payment Term, District would have a secured interest in the Cuesta Villas Project Trust Fund, as evidenced by this Deposit Account Control Agreement and UCC Financing Statement, to pay for any deficiency in the payment by Corporation of the Ground Lease Rent.

I. Pursuant to the AH/F/DDA, Agency is required to execute this Deposit Account Control Agreement for the benefit of the District. The District will have the ability to enforce the terms and conditions of this Agreement for the time period set forth herein.

AGREEMENT

1. Grant Of Security Interest. For valuable consideration, Corporation hereby grants to District for the DACA Term (as defined below), pursuant to the terms and conditions of this Agreement, a security interest in the Cuesta Villas Project Trust Fund (the "Account"), all checks deposited therein, all interest thereon, and all other rights to payment and proceeds relating thereto ("Proceeds").

1.1 The obligations secured hereby are the Corporation's obligations for the payment of: (a) all Ground Lease Rent due and payable by Corporation to District from and after the expiration of the Guaranty Term (the "Security Commencement Date") until payment of all Ground Lease Rent by Corporation to District required by the Ground Lease; and (b) all obligations of Corporation and rights of District under this Agreement.

1.2 Corporation represents and warrants to District that: (a) Corporation is the owner and has possession or control of the Account and Proceeds; (b) Corporation has the right to grant a security interest in the Account and Proceeds; (c) the Account and Proceeds are genuine, free from liens, adverse claims, setoffs, default, prepayment, defenses and conditions precedent of any kind or character except as disclosed to and approved by District in accordance with the AH/F/DDA; (d) all persons appearing to be obligated on the Account and Proceeds have authority and capacity to contract and are bound as they appear to be; (e) all statements contained herein are true and complete; and (h) no financing statement covering any of the Account or Proceeds, and naming any secured party other than District, is on file in the public records except as disclosed to and approved by District in accordance with the AH/F/DDA.

1.3 Corporation agrees in general: (a) to pay all Ground Lease Rent secured hereby when due; (b) to pay all costs and expenses, including reasonable attorneys' fees, incurred by District in any administrative or judicial proceeding in which District seeks the enforcement and exercise of its rights, powers and remedies provided for in this DACA; (c) to execute and deliver, at District's sole cost and expense, such documents as District deems necessary to create, perfect and continue the security interests contemplated hereby; and (d) not to change its chief place of business or the place where Corporation keeps its records concerning

the Account and Proceeds without first giving District written notice of the address to which Corporation is moving same.

1.4 Corporation agrees with regard to the Account and Proceeds: (a) not to permit any lien on the Account or Proceeds except in favor of District, unless approved by District in writing or otherwise imposed by law; (b) not to hypothecate or otherwise dispose of any of the Account or Proceeds, or any interest therein, without the prior written consent of District except that District's prior written consent shall not be required to dispose of or withdraw from the Account and Proceeds amounts necessary to pay for Trust Fund Eligible Expenses as defined in the AH/F/DDA; (c) to keep, in accordance with generally accepted accounting principles, complete and accurate records regarding the Account and Proceeds, and to permit District to inspect the same and make copies thereof at any reasonable time after no less than forty-eight hours prior verbal notice (confirmed in writing); (d) not to commingle funds in the Account with other property; (e) not to withdraw any funds from any deposit account pledged to District hereunder without the prior written consent of District except that District's prior written consent shall not be required to dispose of or withdraw from the Account and Proceeds amounts necessary to pay for Trust Fund Eligible Expenses as defined in the AH/F/DDA; (f) in the event that District receives payments from the Account hereunder by reason of an Event of Default (defined below), to pay all expenses incurred by District in connection therewith, including expenses of accounting, correspondence, collection efforts, filing, recording, record keeping and expenses incidental thereto; and (g) to provide any service and do any other acts which may be necessary to keep the Account and Proceeds free and clear of all defenses, rights of offset and counterclaims.

1.5 Corporation appoints District its true attorney-in-fact to perform any of the following powers, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by District's Superintendent or authorized designee, (provided that District has delivered to Corporation written notice of the authorized designee of Superintendent) from and after the Security Commencement Date: (a) to give notice of District's rights in the Account and Proceeds, and to enforce the same pursuant to the terms and conditions of this DACA; (b) to prepare, execute, file, record or deliver financing statements, continuation statements, termination statements, statements of assignment (if an assignment has been approved by Corporation), applications for registration or like papers to perfect, preserve or release District's interest in the Account and Proceeds; (c) to verify facts concerning the Account and Proceeds by inquiry of obligors thereon; and (d) to endorse, collect, deliver and receive payment under instruments for the payment of money upon an Event of Default and during any Activation Period (as those terms are defined in this DACA).

1.6 The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) any default in the payment of Ground Lease Rent when due (subject to any applicable notice and cure periods); (b) any representation or warranty made by Corporation herein shall prove to be incorrect in any material respect when made; (c) Corporation shall fail to observe or perform any obligation or agreement contained in this Agreement; and (d) any attachment or like levy on the Account by any third party that is not previously disclosed to and approved by District.

1.7 Upon the occurrence of any Event of Default, District shall have the right to withdraw from the Account sufficient funds to pay all past due Ground Lease Rent as Corporation is obligated to pay District pursuant to the terms and conditions of the Ground Lease. District shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the California Uniform Commercial Code or otherwise provided by law. All rights, powers, privileges, and remedies of District shall be cumulative. No delay, failure or discontinuance of District in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by District of any default in the payment of Ground Lease Rent, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. While an Event of Default exists: (a) District may at any time and at District's sole option, liquidate the Account and apply the Proceeds thereof to payment of the past due Ground Lease Rent as Corporation is obligated to pay District pursuant to the terms and conditions of the Ground Lease; and (b) at District's request, Corporation will assemble and deliver copies of all books and records pertaining to the Account and Proceeds.

1.8 Except as required pursuant to this DACA and the AH/F/DDA (which by definition includes all Exhibits attached thereto), Corporation waives presentment, protest, notice of protest, notice of dishonor and notice of nonpayment with respect to any Proceeds to which District is entitled hereunder, Corporation waives any right to require proceedings against others or to require exhaustion of security are waived; and Corporation consents to the release or substitution of security, and the release of guarantors.

2. Control Agreement. This Agreement evidences District's control over the Account from and after the Security Commencement Date as a control agreement of the type described in Section 9-104(a)(2) of the Uniform Commercial Code as enacted in the state which is the Bank's jurisdiction as hereinbelow provided (the "UCC") to perfect the District's security interests in the Account. Notwithstanding anything to the contrary in the deposit account agreement between Bank and Corporation governing the Account, Bank will comply with instructions originated by District from and after the Security Commencement Date as set forth herein directing the disposition of funds in the Account without further consent of the Corporation.

2.1 Corporation represents and warrants to District and Bank that, except as disclosed to and approved by District, it has not assigned or granted a security interest in the Account or any Proceeds deposited in the Account except to District.

2.2 From and after the Security Commencement Date, Corporation will not permit the Account to become subject to any other pledge, assignment, lien, charge or encumbrance of any kind, other than District's security interest referred to herein without the prior written consent of District, which may be granted or denied in District's reasonable discretion.

2.3 Bank's obligation to comply with the instructions in this DACA, and District's right to control the Account and Proceeds pursuant to this DACA, shall commence on the Security Commencement Date and expire upon payment of all Ground Lessee Rent by Corporation to District required by the Ground Lease (the "DACA Term").

2.4 The Account is a "deposit account" within the meaning of Article 9 of the UCC. This Agreement is an "authenticated record" (as said terms are defined in Section 9-102 of the UCC).

3. District Right of Control; Activation Period. During any Activation Period (as defined below) between the Security Commencement Date and the expiration of the DACA Term, Bank shall prevent Corporation from making any withdrawals from the Account. Prior to and after any Activation Period, Corporation may operate and transact business through the Account and make withdrawals from the Account of amounts necessary to pay for Trust Fund Eligible Expenses as defined in the AH/F/DDA, but covenants to District that it will not close the Account. Bank shall have no liability in the event Corporation breaches this covenant to District. A reasonable period of time following the commencement of the Activation Period, and continuing on each business day thereafter until the termination of an Activation Period, Bank shall transfer all collected and available balances in the Account to District at its account specified in the Notice of Activation of Account Control ("Activating Notice") (as defined below). An "Activation Period" means any period during the DACA Term which commences upon: (a) an Event of Default as defined in this DACA, and (b) delivery by District to Bank of an Activation Notice (substantially in the form of Attachment "1" to this DACA) notifying Bank of said Event of Default. Upon an Event of Default (as defined in this DACA), District shall have the right to deliver to Bank an Activation Notice, which shall be a necessary condition to the commencement of any Activation Period. The Activation Period shall terminate upon Corporation's cure and/or discharge of the Event of Default giving rise to the commencement of the Activation Period. Upon cure and/or discharge of said Event of Default, District shall execute and deliver to Bank a Notice of De-Activation of Account Control ("De-Activation Notice") substantially in the form of Attachment "2" to this DACA.

4. Bank Restrictions. Bank agrees it shall not offset, charge, deduct or otherwise withdraw funds from the Account, except as permitted by Section 5 below, until it has been advised in writing by District in a De-Activation Notice that Corporation's obligations that are secured by the Proceeds and the Account have been satisfied.

5. Permitted Charges. Bank is permitted to charge the Account for: (a) its fees and charges relating to the Account or associated with this Agreement; (b) items (electronic, paper or other, including checks) deposited in or credited to the Account which are returned unpaid, whether for insufficient funds, erroneous crediting of funds or for any other reason, whether deposited or credited before or after the date of this Agreement; and (c) any security interest to which the Bank is entitled pursuant to Section 4-210 of the UCC.

6. Insufficient Funds; Party Obligations.

6.1 If the balances in the Account are not sufficient to compensate Bank for any fees or charges due Bank in connection with the Account or this Agreement, Corporation

agrees to pay Bank on demand the amount due Bank. Corporation will have breached this Agreement if it has not paid Bank, within ten (10) days after such demand, the amount due Bank.

6.2 If the balances in the Account are not sufficient to compensate Bank for any returned Check, Corporation agrees to pay Bank on demand the amount due Bank. If Corporation fails to so pay Bank immediately upon demand, District agrees to pay Bank within ten (10) days after Bank's demand to District to pay any amount received by District with respect to such returned check. The failure to so pay Bank shall constitute a breach of this Agreement.

6.3 Corporation hereby authorizes Bank, without prior notice, from time to time to debit any other account Corporation may have with Bank for the amount or amounts due Bank under subsections 6.1 or 6.2.

7. Limitations on Bank Liability. Bank will not be liable to Corporation or District for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from its acts or omissions constituting gross negligence or intentional misconduct.

7.1 In no event will Bank be liable for any special, indirect, exemplary or consequential damages, including but not limited to lost profits.

7.2 Bank will be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Agreement or otherwise give rise to any liability of Bank, if (a) such failure or delay is caused by circumstances beyond Bank's reasonable control, including but not limited to legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor dispute, war, riot, theft, flood, earthquake or other natural disaster, breakdown of public or private or common carrier communications or transmission facilities, equipment failure, or negligence or default of Corporation or District, or (b) such failure or delay resulted from Bank's reasonable belief that the action would have violated any guideline, rule or regulation of any governmental authority.

7.3 Bank shall have no duty to inquire or determine whether Corporation's obligations to District are in default or whether District is entitled to provide the Activation Notice to Bank. Bank may rely on notices and communications it believes in good faith to be genuine and given by the appropriate party. The Bank shall not be bound in any way by the terms or provisions of any other agreements between Corporation and District regardless of whether the Bank has knowledge thereof.

7.4 Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Corporation, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Corporation, Bank may act as Bank deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

7.5 Bank shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Account or any Proceeds and shall not be in violation of this Agreement for so doing.

8. Indemnity. Corporation shall indemnify and defend Bank against, and hold it harmless from, any and all liabilities, claims, actions, suits, costs, expenses and damages of any nature (including but not limited to allocated costs of staff counsel, other reasonable attorney's fees and any fees and expenses) in any way arising out of or relating to disputes or legal actions concerning Bank's provision of the services described in this Agreement. This section does not apply to any cost or damage attributable to the gross negligence or intentional misconduct of Bank. Corporation's obligations under this section shall survive termination of this Agreement.

9. Termination and Assignment of this Agreement.

9.1 District may terminate this Agreement by providing notice to Corporation and Bank that all of Corporation's obligations which are secured by Proceeds and the Account are paid in full. Corporation may not terminate this Agreement except with the written consent of District and upon prior written notice to Bank.

9.2 Notwithstanding any provision to the contrary in the AH/F/DDA (which includes by definition all Exhibits attached thereto, including the Ground Lease), District shall not transfer or assign its interest in this DACA, the Account, or the Proceeds without the prior written consent of Corporation, which may be granted or denied in Corporation's sole and absolute discretion. In the event that District transfers or assigns its interest in this Agreement, the Account, on the Proceeds to a third party without Corporation's prior written consent, then District's security interest in and right to control the Account and Proceeds shall not transfer and shall be null and void; provided, however, District shall have the right to rescind such unapproved transfer or assignment within thirty (30) days of the date of such unapproved transfer or assignment, and in such event this Agreement and the District's security interest and right to control the Account and Proceeds shall not be terminated and shall continue in full and effect in accordance with the terms of this Agreement. If District fails to rescind such transfer or assignment within the 30-day period, this DACA and District's security interest in and right to control the Account and Proceeds shall terminate and be null and void from the date of said unapproved transfer or assignment.

9.3 Notwithstanding subsection 9.1 and 9.2 above, Bank may terminate this Agreement at any time by written notice to Corporation and District if either Corporation or District breaches any of the terms of this Agreement, or any other agreement with Bank.

10. Representation and Warranties.

10.1 Each party represents and warrants to the other parties that (a) this Agreement constitutes a duly authorized, legal, valid, binding and enforceable obligation; (b) the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereunder will not (i) constitute or result in a breach of its certificate or articles of incorporation, by-laws or partnership agreement, as applicable, or the provisions of any material contract to which it is a party or by which it is bound, or (ii) result in the violation of any law, regulation, judgment, decree or governmental order applicable to it; and (c) all approvals and authorizations required to permit the execution, delivery, performance and consummation of this Agreement and the transactions contemplated hereunder have been obtained.

10.2 The parties each agree that it shall be deemed to make and renew each representation and warranty in subsection 10.1 on and as of each day on which Corporation uses the services set forth in this Agreement.

11. Miscellaneous.

11.1 This Agreement may be amended only by a writing signed by Corporation, District and Bank.

11.2 This Agreement may be executed in counterparts; all such counterparts shall constitute but one and the same agreement. The exchange by facsimile of executed copies of this Agreement shall be legally sufficient to constitute the legal execution and delivery by the parties of this Agreement.

11.3 This DACA and the AH/F/DDA (which by definition includes all Exhibits attached thereto, including the Ground Lease and UCC Financing Statement) embodies the entire agreement and understanding between Corporation and District pertaining to the subject matter hereof, and supersedes all prior guaranties, security interests, understandings, negotiations, representations, and discussions whether verbal or written between Guarantor and District pertaining to the subject matter hereof. This DACA embodies the entire agreement and understanding of the Bank pertaining to the subject matter hereof and its obligations herein, and supersedes all prior understandings, negotiations, representations, and discussions with District and Corporation. No provision of this DACA can be waived, nor can any party to this DACA be released from any of its duties or obligations hereunder except by a writing duly executed by the parties hereto.

11.4 This Agreement shall be interpreted in accordance with California law without reference to that state's principles of conflicts of law. Notwithstanding any provision to the contrary in any other agreement by or among any of the parties hereto related to the Account, the "bank's jurisdiction" as said term is used in Section 9-304 of the UCC is and shall be the State of California.

11.5 Any written notice or other written communication to be given under this Agreement shall be addressed to each party at its address set forth below or to such other address as a party may specify in writing.

11.6 All notices, demands, and communications between the parties required to be delivered under this Agreement to the parties must be in writing, addressed as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party, and delivered in one of the following methods: (a) personal delivery by the other party or messenger or courier thereof; (b) deposit in the United States mail; (c) deposit with a reputable overnight courier or service; or (d) by telecopy or fax transmission, provided a hard copy of such transmission shall thereafter be delivered in one of the methods described in the foregoing (a) through (c):

To District:	ABC Unified School District 16700 Norwalk Boulevard Cerritos, CA 90703 Attn: Superintendent Fax: (562) 404-7510
To District Counsel:	Atkinson, Andelson, Loya, Ruud & Romo 17871 Park Plaza Drive, Suite 200 Cerritos, CA 90703-8597 Attn: Constance J. Schwindt, Esq. Fax: (562) 653-3333
To Corporation:	Cuesta Villas Housing Corporation 18125 Bloomfield Avenue Cerritos, CA 90703 Attn: Secretary Fax: (562) 916-1371
To Bank:	_____ _____ _____ _____

11.7 Nothing contained in the Agreement shall create any agency, fiduciary, joint venture or partnership relationship between Bank and Corporation or District.

11.8 If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall be severed and not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

11.9 Any capitalized term or terms not otherwise defined in this DACA shall have the same meaning ascribed to those capitalized terms in the AH/F/DDA.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Dated: _____

"DISTRICT"

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

ATTEST:

_____
Secretary

Dated: _____

"CORPORATION"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____

Its: _____

"BANK"

Dated: _____

[INSERT]

By: _____

Its: _____

ATTACHMENT "1" TO
DEPOSIT ACCOUNT CONTROL AGREEMENT

[Letterhead of District]

NOTICE OF ACTIVATION OF ACCOUNT CONTROL

Date: _____

To: _____

Re: [Insert Deposit account number]

To Whom It May Concern:

Reference is made to the Deposit Account Control Agreement dated _____, _____ ("DACA"), among the Cuesta Villas Housing Corporation ("Corporation"), the ABC Unified School District ("District"), and you regarding the above-described account (the "Account"). In accordance with the DACA, we hereby give you notice of our right to exercise control of and hereby exercise control of, the Account, and we hereby instruct you to transfer funds to our account as follows:

Bank:
ABA #:
ACCT. #:
REF:

Very truly yours,

ABC UNIFIED SCHOOL DISTRICT, a
California public school district

By: _____

Its: _____

cc: Cuesta Villas Housing Corp.
Attn: Secretary to the Board of Directors

Cerritos Redevelopment Agency
Attn: Executive Director

ATTACHMENT "2" TO
DEPOSIT ACCOUNT CONTROL AGREEMENT

[Letterhead of District]

NOTICE OF DE-ACTIVATION OF ACCOUNT CONTROL

Date: _____

To: _____

Re: [Insert Deposit account number]

To Whom It May Concern:

Reference is made to the Deposit Account Control Agreement dated _____, _____ ("DACA"), among the Cuesta Villas Housing Corporation ("Corporation"), the ABC Unified School District ("District"), and you regarding the above-described account (the "Account"). On _____, _____, **[INSERT DATE OF ACTIVATION NOTICE]**, District notified you of its right to exercise control and exercise of the Account. As of the date herein, Corporation has satisfied its current payment obligations secured by the Account. In accordance with the DACA, we hereby give you notice to de-activate our exercise of control of the Account, and instruct you to no longer transfer funds to the following account:

Bank:
ABA #:
ACCT. #:
REF:

Very truly yours,

ABC UNIFIED SCHOOL DISTRICT, a California public school district

By: _____

Its: _____

cc: Cuesta Villas Housing Corp.
Attn: Secretary to the Board of Directors

Cerritos Redevelopment Agency
Attn: Executive Director

EXHIBIT "M-3"

<u>UCC-FINANCING STATEMENT</u>

[Attached]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

1. DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (1a or 1b) – do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1d. TAX ID #: SSN OR EIN / ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any ☐ NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (2a or 2b) – do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN / ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any ☐ NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ☐ ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

ATTACHMENT "1" TO EXHIBIT M-2
UCC-1 FINANCING STATEMENT

This Attachment "1" is attached to that certain UCC-1 Financing Statement identified as follows:

1. DEBTOR:

ORGANIZATION'S NAME
CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

4. DESCRIPTION OF COLLATERAL:

The Cuesta Villas Project Trust Fund (the "Account"), all checks deposited therein, all interest thereon, and all other rights to payment and proceeds relating thereto ("Proceeds"), BUT ONLY ON AND AFTER the date that is last date, immediately prior to the expiration of the Los Coyotes and Amended Los Cerritos Redevelopment Plan for the Cerritos Redevelopment Agency ("Agency"), on which Agency receives from the county auditor (or officer responsible for payment of that portion of taxes required to be allocated to Agency pursuant to Health and Safety Code Section 33670 or successor statute ("Tax Increment")) Agency's payment of Tax Increment (the "Tax Increment Termination Date"). The Tax Increment Termination Date shall be no later than May 6, 2026, the date on which the Los Coyotes and Amended Los Cerritos Redevelopment Plan expires.

ATTACHMENT "2" TO EXHIBIT M-2
UCC-1 FINANCING STATEMENT

This Attachment "2" is attached to that certain UCC-1 Financing Statement identified as follows:

1. DEBTOR:

ORGANIZATION'S NAME
CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

LOCATION OF PERSONAL PROPERTY COLLATERAL

_____

_____

_____

[INSERT LOCATION OF BANK AT WHICH CUESTA VILLAS PROJECT TRUST FUND IS HELD]

EXHIBIT "N"

<u>CUESTA VILLAS PROJECT PROMISSORY NOTE</u>

[Attached]

PROMISSORY NOTE SECURED BY LEASEHOLD DEED OF TRUST

WITH ASSIGNMENT OF RENTS

$46,000,000.00 Cerritos, California

Dated:_____

FOR VALUE RECEIVED, on the date entered above (the "Note Date"), the undersigned, CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Borrower"), promises to pay to the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Holder"), the sum of Forty-Six Million Dollars and No Cents ($46,000,000.00), interest free, all subject to the terms, conditions, and provisions set forth in this Promissory Note Secured by Deed of Trust with Assignment of Rents ("Note").

Reference is made to the following (collectively, the "Loan Documents"):

(i) The Affordable Housing, Financing, and Disposition and Development Agreement by and between Holder, Borrower, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District, a California public school district ("District"), with an Effective Date as defined therein, as may be amended from time to time ("AH/F/DDA"), which sets forth terms and conditions for Borrower's development and operation of that certain real property located at 16700 Norwalk Boulevard in the City of Cerritos, County of Los Angeles, State of California, more particularly described in the legal description attached as Exhibit "B-1" of the AH/F/DDA (defined herein and therein as the "Norwalk Boulevard Property"), which pursuant to the AH/F/DDA was subdivided into three separate parcels more particularly described in the legal descriptions attached as Exhibit "B-2", Exhibit "B-3", and Exhibit "B-4" of the AH/F/DDA (defined herein and therein individually as the "Senior Affordable Residential Complex Parcel," the "Senior Center Parcel," and the "Park Parcel"), together with all improvements thereon (collectively referred to herein and therein as the "Ground Lease Parcels"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the AH/F/DDA.

(ii) The Ground Lease by and between Holder and District for the ground lease of the Ground Lease Parcels to Holder (or its successor or assignee), as may be amended from time to time (defined herein and therein as the "Ground Lease").

(iii) The Assignment and Assumption Agreement Affecting Ground Lease by and between Holder and Borrower as entered into on the date therein provided, which pursuant to the terms and conditions of the AH/F/DDA assigned Holder's interest in the Ground Lease and Ground Lease Parcels to Borrower to allow for the development and operation of the Senior

Affordable Residential Complex, Senior Center, and Park on the Ground Lease Parcels.

(iv) The Deed of Trust with Assignment of Rents securing this Note recorded against Borrower's interests in the Senior Affordable Residential Complex Parcel, dated on or about the date first written above, as may be amended from time to time ("Cuesta Villas Project Deed of Trust for Senior Affordable Residential Complex Parcel").

(v) The Deed of Trust with Assignment of Rents securing this Note recorded against Borrower's interests in the Senior Center Parcel, dated on or about the date first written above, as may be amended from time to time ("Cuesta Villas Project Deed of Trust for Senior Center Parcel").

(vi) The Deed of Trust with Assignment of Rents securing this Note recorded against Borrower's interests in the Park Parcel, dated on or about the date first written above, as may be amended from time to time ("Cuesta Villas Project Deed of Trust for Park Parcel").

(vii) The Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions by and between Holder and Borrower, entered on the date therein provided and recorded against Borrower's interest in the Senior Affordable Residential Complex Parcel, as may be amended from time to time ("Regulatory Agreement").

1. Principal Loan Amount and Interest. The principal amount of the Holder's loan to Borrower is Forty-Six Million Dollars ($46,000,000.00) ("Cuesta Villas Project Loan"). No interest shall accrue on the Cuesta Villas Project Loan.

2. Borrower's Obligation. This Note evidences Borrower's obligation to pay Holder the Cuesta Villas Project Loan provided to Borrower for the purpose of financing Borrower's construction and operation of the Ground Lease Parcels and used to pay for Cuesta Villas Project Eligible Expenses, pursuant to the terms and conditions in the AH/F/DDA.

3. Term and Repayment of Loan.

(a) Term of Note. The term of this Note (the "Term") shall commence on the date written above, which shall be the same date that Agency and Corporation execute the Ground Lease Assignment and Assumption Agreement (as provided in the AH/F/DDA), and shall terminate on the date that is fifty-five (55) years from the Certificate of Occupancy Seventy Percent Date (the "Maturity Date").

(b) Repayment of Loan. Except as provided below in this Subsection (b), the entire Cuesta Villas Project Loan shall be due and payable in a single lump-sum payment on the Maturity Date. There shall be no penalty to Borrower for any prepayment to Holder for the Cuesta Villas Project Loan. Provided that Borrower is not in default under any of the Loan Documents prior to or upon the Maturity Date, and provided that for the duration of the Term of this Note Borrower has deposited into the Cuesta Villas Project Trust Fund any and all Residual

Receipt Income (as defined below), then Borrower's obligation to pay the entire Cuesta Villas Project Loan on the Maturity Date shall be forgiven by Holder and Borrower shall have no obligation to repay any or all of the remaining payments for the Cuesta Villas Project Loan. For purposes of this Subsection, the following shall apply:

(i) "Gross Income" shall mean all amounts received by Corporation from third parties as may be generated on or by the authorized uses of the Ground Lease Parcels, including but no limited to the Affordable Rents received from Regulatory Agreement Qualified Residents, service charges for authorized uses on the Senior Center Parcel and Park Parcel, funds raised pursuant to a charitable fund raiser conducted in accordance with applicable law, and other cost reimbursements as may be provided for in the Regulatory Agreement, Ground Lease, and AH/F/DDA.

(ii) "Ground Lease Rent Amount" shall mean "Ground Lease Rent" (as that term is defined in the Ground Lease) and any other charges or payments due and payable by Corporation to District pursuant to the Ground Lease.

(iii) "Residual Receipt Income" shall mean, as to each calendar year (or partial calendar year in the case of the first year in which Gross Income is generated) or in the case of the last year for the payment of Ground Lease Rent on the Final Rent Payment Date (as defined in the Ground Lease), the amount of Gross Income for such calendar year (or portion thereof) reduced by the Ground Lease Rent Amount for such calendar year (as may be prorated pursuant to the Ground Lease depending upon the Ground Lease Rent Payment Date). Residual Receipt Income shall be determined on a cash basis without regard to any carry-over or profit or loss from any prior calendar year.

Borrower shall maintain complete and accurate records pertaining to the Gross Income, Ground Lease Rent Amount, Residual Receipt Income, and deposits into the Cuesta Villas Project Trust Fund for the duration of the Term of this Note. Borrower shall permit any duly authorized representative of Holder or City to inspect the books and records of Borrower pertaining thereto. Holder or City shall have the right to audit or cause an audit of Borrower's books and records no more frequently than once in a calendar year and, within one (1) year after the Maturity Date, shall have the right to a final audit or cause a final audit of Borrower's books and records in the event that Borrower does not make a full payment of the Cuesta Villas Project Loan on the Maturity Date. If any audit discloses an inaccuracy on the part of Borrower concerning the reporting of the deposits into the Cuesta Villas Project Trust Fund or failure to deposit into said trust fund all Residual Receipt Income, then Borrower shall either: (i) immediately deposit into the Cuesta Villas Project Trust Fund the full amount of any deficiency that had not been deposited into said trust fund as disclosed by the audit; or (ii) forfeit Borrower's ability to have the Cuesta Villas Project Loan forgiven by Holder. If Holder or City requests an inspection or conducts an audit as set forth herein, the necessary books and records

shall be produced at Borrower's election at City Hall for the City of Cerritos or (if different) Borrower's office location within thirty (30) days after request therefore.

(c) Place of Payment. Borrower shall make and deliver all payments in repayment of the Cuesta Villas Project Loan to: Cerritos Redevelopment Agency at 18125 Bloomfield Avenue, Cerritos, California 90703, Attn: Executive Director, or such other place as designated by Holder.

(d) Late Charge. If Borrower fails to timely make a required payment within ten (10) days following the date when such payment is due, interest at the rate of ten percent (10%) per annum or the maximum legal rate then applicable, whichever is less, shall accrue on the outstanding amount due commencing from the date payment was due.

4. Assignment. This Note shall not be assignable or assumable by the successors or assigns of Borrower without the prior written consent of Holder, which may be given or withheld in Holder's sole and absolute discretion.

5. Security. This Note is secured by the Cuesta Villas Project Deed of Trust for Senior Affordable Residential Complex Parcel, Cuesta Villas Project Deed of Trust for Senior Center Parcel, and Cuesta Villas Project Deed of Trust for Park Parcel, wherein Borrower is the Trustor and Holder is the Beneficiary, covering the Ground Lease Parcels.

6. Default. Borrower shall be in default of this Note in the event that (a) Borrower fails to timely make a required payment within ten (10) days following the due date of any payment due hereunder, or (b) Borrower is in default of any of the other terms of this Note or in default of any of the Loan Documents following expiration of the applicable cure period or, if there is no cure period provided for, following written notice and thirty (30) days opportunity to cure.

7. Acceleration; Due on Sale, Encumbrance and Default. In the event that Borrower shall: (a) directly or indirectly, voluntarily, or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Ground Lease Parcels (excluding transfers or assignments approved by Holder or pre-approved by Holder pursuant to the Loan Documents); or (b) be in default as set forth in this Note, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity. Borrower hereby expressly waives notice of the exercise by Holder of its option to accelerate payment as provided herein.

8. Waivers by Borrower. Notwithstanding anything in this Note to the contrary, Borrower hereby waives the following: (i) notice of default or delinquency; (ii) diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note; (iii) notice of acceleration; (iv) notice of nonpayment; (v) notice of costs expenses and loses and interest thereon; (vi) notice of interest on interest and late charges; (vii) the benefits of all waivable exemptions; and (viii) all defenses and pleas on the grounds of any extension or extensions of time of payment or of any due date under this Note, in whole or in part, whether before or after the Maturity Date and with or without notice.

9. Collection Costs and Litigation. If this Note or any payments required to be paid hereunder are not paid when due, whether at maturity or by acceleration, Borrower shall pay all costs of collection, including but not limited to reasonable attorney's fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by Holder on account of such collection, whether or not a lawsuit is filed hereon. In any litigation arising out of this Note, the court(s) identified in the AH/F/DDA shall have exclusive jurisdiction and venue. The prevailing party in any litigation arising out of or connected with this Note, in addition to any other relief to which the prevailing party is entitled, shall also be entitled to reasonable attorney's fees, including fees and costs for discovery and for appeal.

10. Continuing Obligations; No Waivers. No waiver of any breach, default, or failure of condition or failure to perform under the terms of this Note, or the Cuesta Villas Project Deeds of Trust for the Senior Affordable Residential Complex Parcel, Senior Center Parcel, or Park Parcel, or the obligations secured thereby, shall be implied from any failure of Holder to take, or any delay be implied from any failure by Holder in taking, action with respect to such breach, default, or failure from any prior waiver or any similar or unrelated breach, default, or failure. No extension of time for payment of this Note or any installment hereof made by agreement of the Holder with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

11. Time of the Essence. The times for performance of the obligations in this Note shall be strictly construed, time being of the essence.

12. Nonrecourse Loan. Borrower shall not have any personal liability under this Note or any of the other Loan Documents to pay the indebtedness evidenced hereby, and any judgment, decree or order for the payment of money obtained in any action to enforce the obligation of Borrower to pay the Loan shall be enforceable against Borrower only to the extent of Borrower's interest in the Ground Lease Parcels.

13. Notices. All notices to Holder and Borrower shall be given to such addresses as Holder (as "Agency") and Borrower (as "Corporation") have designated in the AH/F/DDA (or have re-designated pursuant thereto).

14. Approvals. Borrower represents and warrants and hereby covenants to Holder that the undersigned signatory has the authority to bind Borrower to the terms and conditions of this Note, and that Borrower has complied with its internal procedures and applicable state and local laws in connection with authorizing the undersigned to execute this Note on Borrower's behalf.

15. Severability. If any term, provision, covenant, or condition of this Note is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Note shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Note. In the event that all or any portion of this Note is found to be unenforceable, this Note or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties

further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Note or that portion which is found to be unenforceable.

[Signature on next page]

IN WITNESS WHEREOF, Borrower has executed this Note as of the Note Date set forth above.

"BORROWER"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

EXHIBIT "O-1"

CUESTA VILLAS PROJECT DEED OF TRUST FOR SENIOR AFFORDABLE RESIDENTIAL COMPLEX PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Leasehold Deed of Trust with Assignment of Rents is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

This LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this ____ day of _____, _____, among CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Trustor"), whose address is 18125 Bloomfield Avenue, Cerritos, California, 90703 [CORRECT ADDRESS IF NECESSARY], and FIRST AMERICAN TITLE COMPANY ("Trustee"), and the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Beneficiary").

1. Grant In Trust. For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's right, title, and interest the real property located in the City of Cerritos, County of Los Angeles, State of California described in Attachment "1" attached hereto and incorporated herein by this reference ("Real Property"); (b) all buildings and other improvements and structures now or hereafter located on the Real Property (collectively, the "Improvements" and together with the Real Property shall sometimes be referred to as the "Site"); (c) all existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the Site, together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases"); and (d) all rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Site, including, without limitation, cash or security deposited under any of the leases to secure the performance by the lessees of their obligations thereunder (collectively, the "Rents").

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following: (a) payment of the sum of Forty-Six Million Dollars ($46,000,000.00) and interest accrued thereon (if any), according to the terms of that certain promissory note dated on or about the date hereof made by Trustor, payable to order of Beneficiary, and extensions, modifications or renewals thereof (the "Note"); (b) performance of Trustor under the Note, that

certain Affordable Housing, Financing, and Disposition and Development Agreement between Trustor, Beneficiary, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District ("District"), dated _____, _____ ("AH/F/DDA"), that certain Ground Lease by and between District and Beneficiary, dated _____, _____ ("Ground Lease"), that certain Assignment and Assumption Agreement Affecting Ground Lease by and between Beneficiary and Trustor, dated _____, _____ ("Ground Lease Assignment and Assumption Agreement"), and that certain Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions by and between Trustor and Beneficiary, dated _____, _____ ("Regulatory Agreement"), as such agreements may be amended from time to time, and each agreement of Trustor incorporated by reference or contained herein; and (c) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. This Deed of Trust, the Note, the AH/F/DD, Ground Lease, Ground Lease Assignment and Assumption Agreement, and Regulatory Agreement are collectively referred to herein as the "Note Documents."

3. Acceleration of Loan Upon Sale, Encumbrance, Refinance, or Default. To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily, or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding transfers approved by Agency or pre-approved by Agency pursuant to the Note Documents); (b) refinance any lien or encumbrance which has priority over this Deed of Trust for a loan amount in excess of an amount equal to the then outstanding sum secured by such lien or encumbrance plus reasonable closing costs associated with the refinance; or (c) default on any of its obligations set forth in the Note Documents following expiration of the applicable cure period or, if there is no cure period provided for, following written notice and thirty (30) days opportunity to cure, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity.

4. Assignment of Rents and Performance of Leases.

4.1 Assignment of Rents and Leases. Trustor hereby irrevocably, absolutely and unconditionally assigns and transfers to Beneficiary all of Trustor's right, title and interest in and to the Leases and the Rents; provided, however, that so long as no Event of Default has occurred and is continuing, Trustor shall have the right under a license granted hereby to collect and receive all Rents as trustee for the benefit of Beneficiary and to apply the amounts so collected first to the payment of costs and expenses associated with the ownership, maintenance, operation and leasing of the Site, including, principal, interest and all other amounts required to be paid under the Note Documents before using or applying such Rents for any other purpose. No Rents or such other income shall be distributed or paid to Trustor unless such costs and expenses which are then due have been paid in full. Thereafter, so long as no Event of Default has occurred and is continuing, the balance may be distributed to Trustor. If an Event of Default has occurred and is continuing, Trustor's right to collect and receive the Rents under the license granted hereby shall cease and the license shall be revoked automatically, and Beneficiary shall have the sole right, with or without taking possession of the Site, to collect all Rents; provided, however, if such Event of Default is cured, then such license shall be automatically reinstated.

This is an absolute assignment and not an assignment for security only. For purposes of this Section 4, the term "Event of Default" shall mean (a) the failure of Trustor to timely pay, within ten (10) days of its due date, any payment due under the Note, or (b) the failure of Trustor to promptly and completely observe or perform any term, condition, covenant, agreement or obligation contained in any of the Note Documents or any other instrument or agreement secured hereby, and the continuation of such failure following the expiration of any applicable notice, cure or grace period, if any, provided for therein or herein; provided, however, that in the event no cure or grace period is otherwise provided for herein or therein, such failure shall not be an Event of Default hereunder if Trustor observes or performs such term, condition, covenant, agreement or obligation within thirty (30) days of receipt of written notice from Beneficiary of Trustor's failure to observe or perform any such term, condition, covenant, agreement or obligation, or if not reasonably susceptible of cure within thirty (30) days, then provided the cure is commenced in thirty (30) days and diligently and continuously prosecuted to completion.

4.2 Covenants Regarding Leases. Trustor shall not, without the prior written consent of Beneficiary, (a) collect any rent from any lessee for a period of more than one (1) month in advance, or (b) execute any further assignment of any of its right, title and interest in the Leases and the Rents except as may be authorized or required under the Note Documents. Trustor shall (a) observe, perform and discharge each and every obligation, term, covenant, condition and agreement of Trustor under the Leases in all material respects, (b) enforce the performance of each and every obligation, term, covenant, condition and agreement in the Leases to be performed by any lessee or guarantor thereof in all material respects, (c) use good faith commercially reasonable efforts to keep the Site leased at a good and sufficient rental and on such other terms and conditions as are reasonably acceptable to Beneficiary, (d) execute and deliver to Beneficiary upon demand, at any time and from time to time, any and all assignments and other instruments which Beneficiary may deem reasonably advisable to carry out the true purposes and intent of the assignment set forth in Section 4.1 above, and (e) at the written request of Beneficiary, cause any or all tenants under a Lease to execute a subordination, nondisturbance and attornment agreement and estoppel certificate in form and substance reasonably satisfactory to Beneficiary.

5. Incorporation of Fictitious Leasehold Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Site above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the Orange County Recorder's Office on August 17, 1964, and in all other counties on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said Site is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the Site.

Trustor has caused this Deed of Trust to be executed as of the date set forth above.

"TRUSTOR"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same is such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid

Date_____

To: _____ Trustee: _____

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:	
_____	**By:** _____
_____	
_____	**By:** _____

Do not lose or destroy this Deed of Trust OR the Note which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

ATTACHMENT "1" TO LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

LEGAL DESCRIPTION OF REAL PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "O-2"

CUESTA VILLAS PROJECT DEED OF TRUST FOR SENIOR CENTER PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Leasehold Deed of Trust with Assignment of Rents is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

This LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this ____ day of _____, _____, among CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Trustor"), whose address is 18125 Bloomfield Avenue, Cerritos, California, 90703 [CORRECT ADDRESS IF NECESSARY], and FIRST AMERICAN TITLE COMPANY ("Trustee"), and the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Beneficiary").

1. Grant In Trust. For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's right, title, and interest the real property located in the City of Cerritos, County of Los Angeles, State of California described in Attachment "1" attached hereto and incorporated herein by this reference ("Real Property"); (b) all buildings and other improvements and structures now or hereafter located on the Real Property (collectively, the "Improvements" and together with the Real Property shall sometimes be referred to as the "Site"); (c) all existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the Site, together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases"); and (d) all rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Site, including, without limitation, cash or security deposited under any of the leases to secure the performance by the lessees of their obligations thereunder (collectively, the "Rents").

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following: (a) payment of the sum of Forty-Six Million Dollars ($46,000,000.00) and interest accrued thereon (if any), according to the terms of that certain promissory note dated on or about the date hereof made by Trustor, payable to order of Beneficiary, and extensions, modifications or renewals thereof (the "Note"); (b) performance of Trustor under the Note, that

certain Affordable Housing, Financing, and Disposition and Development Agreement between Trustor, Beneficiary, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District ("District"), dated _____, _____ ("AH/F/DDA"), that certain Ground Lease by and between District and Beneficiary, dated _____, _____ ("Ground Lease"), that certain Assignment and Assumption Agreement Affecting Ground Lease by and between Beneficiary and Trustor, dated _____, _____ ("Ground Lease Assignment and Assumption Agreement"), and that certain Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions by and between Trustor and Beneficiary, dated _____, _____ ("Regulatory Agreement"), as such agreements may be amended from time to time, and each agreement of Trustor incorporated by reference or contained herein; and (c) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. This Deed of Trust, the Note, the AH/F/DD, Ground Lease, Ground Lease Assignment and Assumption Agreement, and Regulatory Agreement are collectively referred to herein as the "Note Documents."

3. Acceleration of Loan Upon Sale, Encumbrance, Refinance, or Default. To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily, or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding transfers approved by Agency or pre-approved by Agency pursuant to the Note Documents); (b) refinance any lien or encumbrance which has priority over this Deed of Trust for a loan amount in excess of an amount equal to the then outstanding sum secured by such lien or encumbrance plus reasonable closing costs associated with the refinance; or (c) default on any of its obligations set forth in the Note Documents following expiration of the applicable cure period or, if there is no cure period provided for, following written notice and thirty (30) days opportunity to cure, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity.

4. Assignment of Rents and Performance of Leases.

4.1 Assignment of Rents and Leases. Trustor hereby irrevocably, absolutely and unconditionally assigns and transfers to Beneficiary all of Trustor's right, title and interest in and to the Leases and the Rents; provided, however, that so long as no Event of Default has occurred and is continuing, Trustor shall have the right under a license granted hereby to collect and receive all Rents as trustee for the benefit of Beneficiary and to apply the amounts so collected first to the payment of costs and expenses associated with the ownership, maintenance, operation and leasing of the Site, including, principal, interest and all other amounts required to be paid under the Note Documents before using or applying such Rents for any other purpose. No Rents or such other income shall be distributed or paid to Trustor unless such costs and expenses which are then due have been paid in full. Thereafter, so long as no Event of Default has occurred and is continuing, the balance may be distributed to Trustor. If an Event of Default has occurred and is continuing, Trustor's right to collect and receive the Rents under the license granted hereby shall cease and the license shall be revoked automatically, and Beneficiary shall have the sole right, with or without taking possession of the Site, to collect all Rents; provided, however, if such Event of Default is cured, then such license shall be automatically reinstated.

This is an absolute assignment and not an assignment for security only. For purposes of this Section 4, the term "Event of Default" shall mean (a) the failure of Trustor to timely pay, within ten (10) days of its due date, any payment due under the Note, or (b) the failure of Trustor to promptly and completely observe or perform any term, condition, covenant, agreement or obligation contained in any of the Note Documents or any other instrument or agreement secured hereby, and the continuation of such failure following the expiration of any applicable notice, cure or grace period, if any, provided for therein or herein; provided, however, that in the event no cure or grace period is otherwise provided for herein or therein, such failure shall not be an Event of Default hereunder if Trustor observes or performs such term, condition, covenant, agreement or obligation within thirty (30) days of receipt of written notice from Beneficiary of Trustor's failure to observe or perform any such term, condition, covenant, agreement or obligation, or if not reasonably susceptible of cure within thirty (30) days, then provided the cure is commenced in thirty (30) days and diligently and continuously prosecuted to completion.

4.2 Covenants Regarding Leases. Trustor shall not, without the prior written consent of Beneficiary, (a) collect any rent from any lessee for a period of more than one (1) month in advance, or (b) execute any further assignment of any of its right, title and interest in the Leases and the Rents except as may be authorized or required under the Note Documents. Trustor shall (a) observe, perform and discharge each and every obligation, term, covenant, condition and agreement of Trustor under the Leases in all material respects, (b) enforce the performance of each and every obligation, term, covenant, condition and agreement in the Leases to be performed by any lessee or guarantor thereof in all material respects, (c) use good faith commercially reasonable efforts to keep the Site leased at a good and sufficient rental and on such other terms and conditions as are reasonably acceptable to Beneficiary, (d) execute and deliver to Beneficiary upon demand, at any time and from time to time, any and all assignments and other instruments which Beneficiary may deem reasonably advisable to carry out the true purposes and intent of the assignment set forth in Section 4.1 above, and (e) at the written request of Beneficiary, cause any or all tenants under a Lease to execute a subordination, nondisturbance and attornment agreement and estoppel certificate in form and substance reasonably satisfactory to Beneficiary.

5. Incorporation of Fictitious Leasehold Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Site above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the Orange County Recorder's Office on August 17, 1964, and in all other counties on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said Site is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the Site.

Trustor has caused this Deed of Trust to be executed as of the date set forth above.

"TRUSTOR"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same is such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid

Date_____

To: _____ Trustee: _____

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:	
_____	**By:** _____
_____	
_____	**By:** _____

Do not lose or destroy this Deed of Trust OR the Note which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

ATTACHMENT "1" TO LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

LEGAL DESCRIPTION OF REAL PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "O-3"

CUESTA VILLAS PROJECT DEED OF TRUST FOR PARK PARCEL

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Leasehold Deed of Trust with Assignment of Rents is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

This LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this ____ day of _____, _____, among CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Trustor"), whose address is 18125 Bloomfield Avenue, Cerritos, California, 90703 [CORRECT ADDRESS IF NECESSARY], and FIRST AMERICAN TITLE COMPANY ("Trustee"), and the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Beneficiary").

1. Grant In Trust. For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's right, title, and interest the real property located in the City of Cerritos, County of Los Angeles, State of California described in Attachment "1" attached hereto and incorporated herein by this reference ("Real Property"); (b) all buildings and other improvements and structures now or hereafter located on the Real Property (collectively, the "Improvements" and together with the Real Property shall sometimes be referred to as the "Site"); (c) all existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the Site, together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases"); and (d) all rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Site, including, without limitation, cash or security deposited under any of the leases to secure the performance by the lessees of their obligations thereunder (collectively, the "Rents").

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following: (a) payment of the sum of Forty-Six Million Dollars ($46,000,000.00) and interest accrued thereon (if any), according to the terms of that certain promissory note dated on or about the date hereof made by Trustor, payable to order of Beneficiary, and extensions, modifications or renewals thereof (the "Note"); (b) performance of Trustor under the Note, that

certain Affordable Housing, Financing, and Disposition and Development Agreement between Trustor, Beneficiary, the City of Cerritos, a California municipal corporation ("City"), and the ABC Unified School District ("District"), dated _____, _____ ("AH/F/DDA"), that certain Ground Lease by and between District and Beneficiary, dated _____, _____ ("Ground Lease"), that certain Assignment and Assumption Agreement Affecting Ground Lease by and between Beneficiary and Trustor, dated _____, _____ ("Ground Lease Assignment and Assumption Agreement"), and that certain Regulatory Agreement and Declaration of Covenants, Conditions, and Restrictions by and between Trustor and Beneficiary, dated _____, _____ ("Regulatory Agreement"), as such agreements may be amended from time to time, and each agreement of Trustor incorporated by reference or contained herein; and (c) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. This Deed of Trust, the Note, the AH/F/DD, Ground Lease, Ground Lease Assignment and Assumption Agreement, and Regulatory Agreement are collectively referred to herein as the "Note Documents."

3. Acceleration of Loan Upon Sale, Encumbrance, Refinance, or Default. To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily, or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding transfers approved by Agency or pre-approved by Agency pursuant to the Note Documents); (b) refinance any lien or encumbrance which has priority over this Deed of Trust for a loan amount in excess of an amount equal to the then outstanding sum secured by such lien or encumbrance plus reasonable closing costs associated with the refinance; or (c) default on any of its obligations set forth in the Note Documents following expiration of the applicable cure period or, if there is no cure period provided for, following written notice and thirty (30) days opportunity to cure, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, regardless of the date of maturity.

4. Assignment of Rents and Performance of Leases.

4.1 Assignment of Rents and Leases. Trustor hereby irrevocably, absolutely and unconditionally assigns and transfers to Beneficiary all of Trustor's right, title and interest in and to the Leases and the Rents; provided, however, that so long as no Event of Default has occurred and is continuing, Trustor shall have the right under a license granted hereby to collect and receive all Rents as trustee for the benefit of Beneficiary and to apply the amounts so collected first to the payment of costs and expenses associated with the ownership, maintenance, operation and leasing of the Site, including, principal, interest and all other amounts required to be paid under the Note Documents before using or applying such Rents for any other purpose. No Rents or such other income shall be distributed or paid to Trustor unless such costs and expenses which are then due have been paid in full. Thereafter, so long as no Event of Default has occurred and is continuing, the balance may be distributed to Trustor. If an Event of Default has occurred and is continuing, Trustor's right to collect and receive the Rents under the license granted hereby shall cease and the license shall be revoked automatically, and Beneficiary shall have the sole right, with or without taking possession of the Site, to collect all Rents; provided, however, if such Event of Default is cured, then such license shall be automatically reinstated.

This is an absolute assignment and not an assignment for security only. For purposes of this Section 4, the term "Event of Default" shall mean (a) the failure of Trustor to timely pay, within ten (10) days of its due date, any payment due under the Note, or (b) the failure of Trustor to promptly and completely observe or perform any term, condition, covenant, agreement or obligation contained in any of the Note Documents or any other instrument or agreement secured hereby, and the continuation of such failure following the expiration of any applicable notice, cure or grace period, if any, provided for therein or herein; provided, however, that in the event no cure or grace period is otherwise provided for herein or therein, such failure shall not be an Event of Default hereunder if Trustor observes or performs such term, condition, covenant, agreement or obligation within thirty (30) days of receipt of written notice from Beneficiary of Trustor's failure to observe or perform any such term, condition, covenant, agreement or obligation, or if not reasonably susceptible of cure within thirty (30) days, then provided the cure is commenced in thirty (30) days and diligently and continuously prosecuted to completion.

4.2 Covenants Regarding Leases. Trustor shall not, without the prior written consent of Beneficiary, (a) collect any rent from any lessee for a period of more than one (1) month in advance, or (b) execute any further assignment of any of its right, title and interest in the Leases and the Rents except as may be authorized or required under the Note Documents. Trustor shall (a) observe, perform and discharge each and every obligation, term, covenant, condition and agreement of Trustor under the Leases in all material respects, (b) enforce the performance of each and every obligation, term, covenant, condition and agreement in the Leases to be performed by any lessee or guarantor thereof in all material respects, (c) use good faith commercially reasonable efforts to keep the Site leased at a good and sufficient rental and on such other terms and conditions as are reasonably acceptable to Beneficiary, (d) execute and deliver to Beneficiary upon demand, at any time and from time to time, any and all assignments and other instruments which Beneficiary may deem reasonably advisable to carry out the true purposes and intent of the assignment set forth in Section 4.1 above, and (e) at the written request of Beneficiary, cause any or all tenants under a Lease to execute a subordination, nondisturbance and attornment agreement and estoppel certificate in form and substance reasonably satisfactory to Beneficiary.

5. Incorporation of Fictitious Leasehold Deed of Trust. To protect the security of this Deed of Trust, and with respect to the Site above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the Orange County Recorder's Office on August 17, 1964, and in all other counties on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said Site is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the Site.

Trustor has caused this Deed of Trust to be executed as of the date set forth above.

"TRUSTOR"

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same is such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid

Date_____

To: _____ Trustee: _____

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:	
_____	**By:** _____
_____	
_____	**By:** _____

Do not lose or destroy this Deed of Trust OR the Note which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

ATTACHMENT "1" TO LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS

LEGAL DESCRIPTION OF REAL PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "P"

RELEASE OF CONSTRUCTION COVENANTS (FORM)

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Cerritos Redevelopment Agency
18125 Bloomfield Avenue
Cerritos, CA 90703
Attn: Executive Director

(Space Above For Recorder's Use)

This Release of Construction Covenants is recorded at the request and for the benefit of the Cerritos Redevelopment Agency and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

RELEASE OF CONSTRUCTION COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS ("Release") is made this ____ day of _____, _____, by the CERRITOS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), in favor of CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation ("Corporation").

RECITALS

A. Pursuant to that certain Assignment and Assumption Agreement of Ground Lease, dated _____, _____ ("Ground Lease Assignment and Assumption Agreement"), Corporation is the holder of a ground lease interest in that certain real property located in the City of Cerritos, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Attachment "1" ("Property") **[INSERT APPLICABLE GROUND LEASE PARCEL]**.

B. On or about _____, _____, Agency, Corporation, the City of Cerritos, a California Municipal corporation ("City") and the ABC Unified School District, a California public school district, entered into that certain Affordable Housing, Financing, and Disposition and Development Agreement ("AH/F/DDA") concerning Agency's acquisition of the Property, assignment thereof to Corporation, and construction of certain improvements on the Property as more particularly described in the AH/F/DDA, which is a public document available for inspection pursuant to any applicable laws and procedures at City Hall for the City of Cerritos, located at 18125 Bloomfield Avenue, Cerritos, California, 90703.

C. Pursuant to the AH/F/DDA, Agency is required to furnish Corporation with this Release upon request by Corporation upon completion of the improvements on the Property.

D. The issuance by Agency of this Release shall be conclusive evidence that Corporation has complied with the terms of the AH/F/DDA pertaining to the construction of the improvements on the Property.

NOW, THEREFORE:

1. As provided in the AH/F/DDA, Agency does hereby certify that the construction of the improvements on the Property has been satisfactorily performed and completed, and that such development and construction work complies with the AH/F/DDA.

2. This Release does not constitute evidence of compliance with or satisfaction of any obligation of Corporation to any holder of a mortgage or any insurer of a mortgage security money loaned to finance the work of construction of improvements and development of the Property, or any part of thereof, nor shall it affect any obligations of Corporation under the AH/F/DDA that survive the issuance of this Release.

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

IN WITNESS WHEREOF, Agency has executed this Release as of the date first written above.

CERRITOS REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

On behalf of the CORPORATION, I hereby consent to the recordation of this Release of Construction Covenants against the Site.

Dated: _____

CUESTA VILLAS HOUSING CORPORATION, a California nonprofit corporation

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____

_____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

[SEAL]

ATTACHMENT "1" TO RELEASE OF CONSTRUCTION COVENANTS

LEGAL DESCRIPTION OF PROPERTY

[Attach Legal Descriptions for appropriate Ground Lease Parcel, if subdivision approved pursuant to the Affordable Housing, Financing, and Disposition and Development Agreement]

EXHIBIT "Q"

COPIES OF NON-DISCRIMINATION LAWS AS OF EFFECTIVE DATE

[Copies to be Attached]