

**AFFORDABLE HOUSING LOAN AGREEMENT
(LAS VILLAS DE PASEO NUEVO)**

This Affordable Housing Loan Agreement ("Loan Agreement") is made as of this 21st day of June, 2011, by and between the City of Oxnard, a municipal corporation ("Lender") and Paseo Nuevo Partners, L.P., a California limited partnership ("Borrower").

RECITALS

A. Lender wishes to promote the development of more affordable rental housing in neighborhoods in need of revitalization in the City and to provide a greater choice of housing opportunities for persons and families with low incomes.

B. Borrower has acquired an option to purchase property upon which seventy-two units of multi-family affordable housing will be constructed. The property is located at 5655, 5667, 5701, 5703-5705, 5709, 5713 and 5727 Cypress Road, Oxnard, California as more particularly described in Exhibit A attached hereto and incorporated by this reference (the "Property").

C. Lender has "In Lieu Fees" collected by Lender pursuant to the provisions of City of Oxnard Ordinance Nos. 2545 and 2615 for the purpose of expanding the supply of decent, safe, sanitary and affordable housing for low income persons and families.

D. Borrower has previously been lent by Lender a loan in the amount of Six Hundred Thousand Dollars (\$600,000) to pay for certain predevelopment costs, which amount will be combined with the additional funds being loaned to Borrower under this Loan Agreement for a total loan amount of Two Million Dollars (\$2,000,000).

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the making of the Loan, Borrower and Lender hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following terms have the meanings and content set forth in this section wherever used in this Loan Agreement, attached Exhibits, or documents incorporated into this Loan Agreement by reference.

1.1 "ANNUAL FINANCIAL STATEMENT" means the financial statement prepared at Borrower's expense and prepared under accounting principles generally accepted in the United States of America and audited by Certified Public Accountants reasonably acceptable to Lender, which shall form the basis for determining the Residual Receipts.

1.2 "ASSISTED UNIT" means any of the thirty-four (34) housing units on the Property which are supported by funds under this Loan Agreement.

1.3 **"BORROWER"** is Paseo Nuevo Partners, L.P., a California limited partnership and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

1.4 **"CITY"** means the City of Oxnard, a municipal corporation.

1.5 **"DEED OF TRUST"** is that certain deed of trust, assignment of rents, and security agreement placed on the Property and the improvements to be constructed thereon as security for the Loan by Borrower as trustor with Lender as beneficiary attached hereto as Exhibit C. The terms of the Deed of Trust have been incorporated into this Loan Agreement.

1.6 **"ESCROW HOLDER"** means the person or entity designated by the Borrower and approved by Lender to hold that portion of the Loan proceeds not previously disbursed to Borrower and other documents until receiving written instructions to record the documents and disburse the remaining funds.

1.7 **"HAZARDOUS MATERIALS"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards at the time of such use.

1.8 **"HUD"** means the United States Department of Housing and Urban Development.

1.9 **"IMPROVEMENTS"** means any improvements and development of the Property.

1.10 **"INSURANCE REQUIREMENTS"** means the insurance coverage which must be in full force and effect during the term of the Regulatory Agreement, as specified in Exhibit E.

1.11 **"LENDER"** means the City of Oxnard, a municipal corporation and its authorized representatives, officers, officials, directors, employees, and agents.

1.12 **"LOAN"** means the loan of funds in the total amount of Two Million Dollars (\$2,000,000) from the Lender to the Borrower as provided in this Loan Agreement to provide permanent financing for the Project. The Loan includes both the loan under a predevelopment agreement and the additional One Million Four Hundred Thousand Dollars (\$1,400,000) being committed herein.

1.13 **"LOAN AGREEMENT"** means this loan agreement entered into between Lender and Borrower.

1.14 **"LOAN DOCUMENTS"** are collectively the Loan Agreement, the Note, the Deed of Trust, and the Regulatory Agreement, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.15 **"LOW INCOME HOUSEHOLD"** means a household whose annual income does not exceed sixty percent (60%) of the median income for the Ventura County Metropolitan Statistical Area as determined by HUD with adjustments for household size

1.16 **"MEDIAN INCOME"** means the median income for Ventura County Metropolitan Statistical Area as determined by HUD with adjustments for household size.

1.17 **"NOTE"** means the promissory note executed by the Borrower in favor of Lender in the amount of Two Million Dollars (\$2,000,000) to evidence the Loan substantially in the form attached hereto as Exhibit B.

1.18 **"NOTICE OF COMPLETION"** shall mean the notice that shall be filed by the Borrower with the Ventura County Recorder at completion of construction. Borrower shall not unreasonably delay filing the Notice of Completion.

1.19 **"OPERATING EXPENSES"** shall mean, actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance, and management of the Project, including without limitation painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for capital replacements with respect to the Project in an amount not to exceed reserve requirements reasonably imposed by any lender, cash deposited into an operating reserve in an amount not to exceed the amount reasonably required by any lender, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys, consultants and other professionals, payment in lieu of property taxes, repayment of any deferred development fees and any required debt service under senior loans (including, but not limited to, the secured debt referenced in Section 5.11 (B) of the Loan Agreement). Operating Expenses may include the payment to Borrower of a reasonable partnership management fee and a reasonable asset management fee. Operating Expenses may also include a deferred developer fee. The Operating Expenses shall be reported in the Annual Financial Statement.

1.20 **"PAYMENT DATE"** shall mean April 30 of the year following the issuance of the first Certificate of Occupancy for the Project, and each April 30 thereafter until the loan is paid in full or otherwise terminated.

1.21 **"PRIOR LOAN"** shall mean the prior loan in the amount of Six Hundred Thousand Dollars (\$600,000) from the Lender for the predevelopment of the Property.

1.22 **"PROJECT"** means the operation and management of the Property according to the terms of this Loan Agreement.

1.23 **"PROPERTY"** means the property located at 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, Oxnard, California, as more particularly described in Exhibit A, which is incorporated into this Loan Agreement by this reference.

1.24 **"QUALIFYING HOUSEHOLD"** means a household that qualifies as a Very Low or Low Income Household.

1.25 **"QUALIFYING RENT"** means the total annual charges for rent, utilities, and related services to each Very Low and Low Income Household which shall not exceed thirty percent (30%) of the income for a Very Low Income Household or Low Income Household.

1.26 **"REGULATORY AGREEMENT"** means the regulatory agreement executed by Borrower and Lender, attached as Exhibit D, and recorded against the Property in the Official Records of Ventura County which regulates the use of the Assisted Units.

1.27 **"RESIDUAL RECEIPTS"** means for any calendar year Revenues reduced by Operating Expenses.

1.28 **"REVENUE"** means all income derived from the Project, including but not limited to rent from the units and income from laundry operations.

1.29 **"VERY LOW INCOME HOUSEHOLD"** means a household whose annual income does not exceed fifty percent (50%) of the median income for the Ventura County Metropolitan Statistical Area as determined by HUD with adjustments for household size.

ARTICLE 2 TERMS OF THE LOAN

2.1 **LOAN.** On and subject to the terms and conditions of the Loan Documents, Lender agrees to make and Borrower agrees to accept a loan with the following terms:

2.2 **AMOUNT.** The principal amount of the Loan shall be an amount not to exceed Two Million Dollars (\$2,000,000) and shall be evidenced by the Note.

2.3 **INTEREST.** Subject to the provisions of Section 2.4, the Note shall bear interest at a rate of three percent (3%) simple interest from the date on which the principal amount of the Loan is initially advanced to Borrower through the fifty-five (55) year amortizing loan term.

2.4 **DEFAULT INTEREST.** In the event of a default by Borrower of any of its obligations under this Loan Agreement and expiration of applicable cure periods, Borrower shall pay to Lender interest on the outstanding principal of the Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, from the date of the default until the date that the default is cured or the Loan is repaid in full.

2.5 **TERM OF LOAN.** The principal of the Loan shall be due and payable on the earlier of: (a) fifty-five (55) years from the date of the Note, or (b) the date the Property is sold. In the Event of Default by Borrower, which has not been cured as provided for in this Loan Agreement, all current and accrued interest shall be due and payable.

2.6 **USE OF FUNDS.** Loan proceeds shall be used for those activities described in the Predevelopment Agreement and for the acquisition of the Property.

2.7 **SECURITY.** Borrower shall secure its obligation to repay the Loan by executing a Deed of Trust and recording it as a lien against the Property.

2.8 **REPAYMENT OF THE LOAN.** Borrower shall make annual payments on the Loan from Residual Receipts. On or before each Payment Date the Borrower shall submit its Annual Financial Statement to Lender for the preceding calendar year together with an amount equal up to ten percent (10%) of the Residual Receipts for the preceding calendar year. Lender shall review and approve the percentage amount to be paid by Borrower and the Annual Financial Statement, or request revisions, within sixty (60) days after receipt. In the event Lender fails to approve or disapprove the Annual Financial Statement within the sixty (60) day period, Borrower may request a written determination of approval or disapproval following the expiration of such period. In the event Lender fails to provide a written determination to Borrower within ten (10) days following the receipt of Borrower's request for determination, the Annual Financial Statement shall be deemed approved. In the event that Lender determines that there is an understatement in the amount and payment of Residual Receipts due to Lender, Borrower shall promptly pay to Lender such understatement, but in any event, within twenty (20) days of notice of such understatement. In the event that Lender determines that there is an overpayment in the amount and payment of Residual Receipts due to Lender, Lender shall promptly pay to Borrower the amount of overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest. Any payments made by Borrower pursuant to this Section shall be applied first to pay current annual interest due, if any, then the cumulative interest owed, if any, then to reduce the principal amount of the Loan. In any event all principal owed and all current and accrued interest of the Loan shall be due and payable as provided in Section 2.5 above.

2.9 **PREPAYMENT OF LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the Loan amount prior to the end of the term described herein. However, prepayment of the Loan shall not affect Borrower's obligations under the Regulatory Agreement.

2.10 **RECORDING.** Concurrent with Borrower's acquisition of the Property, Escrow Holder shall record the Deed of Trust and the Regulatory Agreement with the Recorder for the County of Ventura, and shall deliver conformed copies of the recorded documents to the Lender and Borrower.

ARTICLE 3 LOAN DISBURSEMENTS

3.1 **CONDITIONS PRECEDENT TO DISBURSEMENT.** Lender shall not be obligated to make any disbursements of the Loan proceeds or take any other action under the Loan Documents unless the following conditions precedent are satisfied prior to the disbursement of the Loan:

A. There exists no Event of Default nor any act, failure, omission or condition that with the giving of notice or passage of time would constitute an Event of Default;

B. Borrower has executed and delivered to Lender all documents, instruments, and policies required under the Loan Documents, including but not limited to an ALTA Lender's policy of title insurance from a title insurance company approved by the Lender in a form reasonably acceptable to Lender;

C. Borrower shall acquire a fee interest in the Property;

D. Borrower has provided to Lender a certificate of insurance or copy of the insurance policy, which policy shall be satisfactory to the Lender and which conforms to Exhibit E;

E. Borrower has complied with all reporting requirements set forth in this Loan Agreement.

3.2 **DISBURSEMENT OF LOAN PROCEEDS.** Disbursement of Loan proceeds shall not exceed Two Million Dollars (\$2,000,000). Lender must approve all requests for payment prior to disbursement of Loan proceeds for payment of land acquisition and development costs incurred on the Project.

ARTICLE 4 DEVELOPMENT OF PROJECT

4.1 **SCOPE OF WORK.** Before commencement of any development and construction of the Project site, Borrower shall submit to Lender for its review and approval the final scope of work for the Project. Borrower shall develop and construct the Project in substantial conformance with the scope of work and any modifications thereto approved in writing by Lender.

4.2 **COMPLETION OF PROJECT.** Borrower shall diligently prosecute development of the Project to completion. Borrower shall provide proof of completion as evidenced by the recording of a Notice of Completion.

4.3 **FINANCING.** Borrower shall promptly inform Lender in writing of any changes in the amount, terms, and/or sources of financing or funding for the Property acquisition and Project development work.

4.4 **CONTRACTS AND SUBCONTRACTS.** All development work and professional services for the Project shall be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California.

All costs incurred in acquisition of the Property and development, construction and operation of the Project shall be the responsibility and obligation solely of Borrower.

4.5 **ADDITIONS OR CHANGES IN WORK.** Lender must be notified in a timely manner of any changes in the work required to be performed under this Loan Agreement. A written change order authorized by Lender must be obtained before any changes, additions, or deletions may be performed. If Lender has not responded to a written request for a change order by Borrower within ten (10) days of receipt of such request by Lender, such request shall be deemed approved by Lender. Consent to any additions, changes, or deletions to the work shall not release Borrower from any other obligations in the Loan Documents.

4.6 **INSPECTIONS.** Borrower shall permit and facilitate, and require its contractors to permit and facilitate, observation and inspection at the job site by Lender and by public authorities during reasonable business hours for the purposes of determining compliance with this Loan Agreement.

4.7 **SITE SUPERVISION.** During the development of the Project, Borrower shall maintain a full time site superintendent to supervise all development and construction work on the Property. The site superintendent shall be on-site during all work hours.

4.8 **CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's conduct in connection with the Project, including, but not limited to, the quality and suitability of the construction work, the supervision of construction work, the qualifications, financial condition, and performance of all contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by Lender with reference to the Project is solely for the purpose of determining whether Borrower is properly discharging its obligations to Lender, and should not be relied upon by Borrower or by any third parties as a warranty or representation by Lender as to the quality of the development and construction of the Project.

4.9 **BARRIERS TO THE DISABLED.** The Project shall be developed and the Property shall be maintained to comply with all applicable federal, state, and local requirements for access for disabled persons.

4.10 **LEAD-BASED PAINT AND ASBESTOS REMOVAL.** Borrower and its contractors and subcontractors shall not use lead-based paint or asbestos in the development and construction of the Property and shall comply with Federal Regulations 24 C.F.R., 29 C.F.R., 40 C.F.R., Title X, California O.S.H.A., California health codes, and all County standards. Borrower shall incorporate or cause to be incorporated this provision in all contracts and

subcontracts for work performed on the Property which involves the application of paint and/or other construction-related surfaces.

4.11 MECHANICS LIENS AND STOP NOTICES. If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on Lender or any other lender or other third party in connection with the Project, Borrower shall, within sixty (60) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lender a surety bond in sufficient form and amount, provide Lender with a lien-free endorsement or provide Lender with other assurance reasonably satisfactory to Lender that the claim of lien or stop notice will be paid or discharged.

If Borrower fails to discharge any lien, encumbrance, charge, or claim referred to herein, then in addition to any other right or remedy, Lender may, but shall be under no obligation to, discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternatively, Lender may require Borrower to immediately deposit with Lender the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof Lender may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

Borrower shall file a valid notice of cessation or notice of completion upon cessation of work on the Project for a continuous period of 30 days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes Lender, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest in the Project and Property.

4.12 RELOCATION. If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with said relocation laws.

4.13 UNAVOIDABLE DELAY IN PERFORMANCE. The time for performance of provisions of this Loan Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Project or this Loan Agreement which is caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; quarantine restrictions; or freight embargoes or other events beyond the reasonable control of the party claiming the delay. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within five (5) calendar days from the commencement of the cause, and such extension of time is either accepted by the other party in writing, or is not rejected in writing by the other party within ten calendar days of receipt of the notice. In any event, construction of the Project must be completed no later than ninety (90) calendar days after the scheduled completion date specified herein, any unavoidable delay notwithstanding. Times of performance under this Loan Agreement may also be extended for any cause for any period of time by the mutual written agreement of Lender and Borrower.

ARTICLE 5 OPERATION

5.1 **OPERATION OF PROJECT.** Borrower shall operate and manage the Project after completion in full conformance with the terms of the Regulatory Agreement.

Borrower shall agree to maintain and operate the Assisted Units so as to provide decent, safe, and sanitary housing and provide each of the Assisted Units in the Project with the same level of services (including security), amenities, and maintenance as are applied to the other dwelling units in the Project. Any optional services provided must be available to all residents under the same terms and conditions.

5.2 **ASSISTED UNITS.** The thirty-five (35) designated Assisted Units shall meet the following standards:

- A. Be similarly constructed and of comparable quality to all other units in the Project and;
- B. Provide tenants access and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

5.3 **INCOME CERTIFICATION.** Borrower shall limit for the full term of the Regulatory Agreement the rental of Assisted Units to Qualifying Households according to the schedule contained in Regulatory Agreement. The income levels and other qualifications of applicants for Assisted Units shall be certified within sixty (60) business days of the household's expected occupancy of one of the Assisted Units and annually thereafter.

5.4 **AFFORDABILITY RESTRICTIONS.** Thirty-five (35) units in the Project shall be designated as Assisted Units. The Assisted Units must be occupied, or reserved for occupancy by Qualifying Households.

5.5 **ASSISTED UNIT RENTS.** Rents for Assisted Units shall be limited to Qualifying Rents as set forth in the Regulatory Agreement. At least sixty (60) calendar days prior to increasing rents on any Assisted Unit on the Project, Borrower shall submit to the Lender for review and approval a written request for such increase. Qualifying Households shall be given at least thirty (30) days written notice prior to any rent increase. Provided such increased rent does not exceed the Qualifying Rents for such year, Lender shall approve such request.

5.6 **MAXIMUM RENTAL CHARGES.**

A. For twenty-one (21) of the Assisted Unit, the total charges for rent, utilities, and related services to each Qualifying Household shall not exceed thirty percent (30%) of fifty percent (50%) of Median Income. Initial rents for these 21 Assisted Unit shall be as set forth in the Regulatory Agreement. Annual rent increases shall be calculated by Lender based on the change in permissible rents published annually by HUD.

B. For fourteen (14) of the Assisted Unit, the total charges for rent, utilities, and related services to each Qualifying Household shall not exceed thirty percent (30%) of fifty percent (60%) of Median Income. Initial rents for these 14 Assisted Unit shall be as set forth in the Regulatory Agreement. Annual rent increases shall be calculated by Lender based on the change in permissible rents published annually by HUD.

C. For all Assisted Units, Borrower shall annually certify each tenant household's gross income and make any rent adjustment pursuant to the terms of the Regulatory Agreement.

5.7 CONFLICTS BETWEEN COVENANTS OR RESTRICTIONS AFFECTING THE PROPERTY. Any conflicts between the restrictive provisions contained in this Loan Agreement, Note, Deed of Trust, Regulatory Agreement, and any other agreements in connection with the Loan which affect the Property, are to be resolved by applying the more restrictive covenants or restrictions which affect the Property.

5.8 NONDISCRIMINATION. Borrower shall not discriminate or segregate in the rehabilitation, use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Property on the basis of race, color, ancestry, national origin, religion, sex, sexual preference or orientation, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived, or any other arbitrary basis. Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

5.8 RECORDS. Borrower shall be accountable to Lender for all funds disbursed to Borrower pursuant to the Loan Documents. Borrower agrees to maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures drawn from Loan funds, and to keep all invoices, receipts, and other documents related to expenditures from said Loan funds for not less than three years after completion of the Project. Records must be kept accurate and current. Lender shall notify Borrower of any records it deems insufficient. Borrower shall have fifteen (15) calendar days from the date of said notice to correct any deficiency in the records specified by Lender in said notice, or, if more than fifteen (15) days shall be reasonably necessary to correct the deficiency, Borrower shall begin to correct the deficiency within fifteen (15) days and correct the deficiency as soon as reasonably possible.

Borrower shall promptly comply with all requirements or conditions of the Loan Documents relating to notices, extensions, and other events required to be reported or requested. Borrower shall promptly supply, upon the request of Lender, any and all information and documentation which involves the Project and cooperate with Lender in the development and construction of the Project.

5.9 AUDITS. Borrower shall make available for examination at reasonable intervals and during normal business hours to Lender all books, accounts, reports, files, and other papers or property with respect to all matters covered by these Loan Documents, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records. Lender may make audits of any conditions relating to this Loan.

5.10 **ENCUMBRANCE OF PROPERTY.** Except as otherwise provided in this Loan Agreement, Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property, except with the prior written consent of Lender. Borrower shall notify Lender in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Project or Property, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of Borrower or otherwise.

5.11 **SUBORDINATION.**

A. Lender shall subordinate the obligations of this Loan Agreement, and the attached Regulatory Agreement and Deed of Trust to be recorded on the Property, to construction or permanent financing obligations for the Project, including any regulatory agreement required by the State of California. Borrower and Lender shall cooperate in the execution of any such subordination agreement required to perfect such subordinations.

B. In addition to Section 5.11 (A), Lender agrees that this Loan Agreement shall be subordinate to the following loans:

(1) Promissory Note in the amount of \$2,000,000 executed by Borrower for the benefit of Ramona Property Partners LLC.

(2) Promissory Note for payment of PILOT fees in the amount of \$8,381,782 by Borrower for the benefit of Lender.

(3) Affordable Housing Pre-Development and Construction Loan Agreement in the amount of \$5,000,000 by and between Lender and Borrower dated May 17, 2011.

5.12 **TRANSFER OF PROPERTY.** Borrower has not made or created, and shall not, make or permit any sale, assignment, conveyance, lease (other than the leasing of units in the Project pursuant to an approved lease), or other transfer of this Loan Agreement, the Project, or the Property, or any part thereof, without the prior written consent of Lender. Notwithstanding the above, Lender hereby agrees that a transfer of the interests of Borrower's limited partners is permitted and shall not constitute a default of this Loan Agreement. In addition, notwithstanding anything contained in this Loan Agreement, a removal of the general partner of the Borrower for cause by the limited partners, pursuant to the terms of the Borrower's partnership agreement is permitted and does not constitute a default of this Loan Agreement.

5.13 **FEES, TAXES, AND OTHER LEVIES.** Borrower shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by Lender, Borrower deposits with Lender any funds or other

forms of assurance Lender in good faith from time to time determines appropriate to protect Lender from the consequences of the contest being unsuccessful.

5.14 **DAMAGE TO PROPERTY.** If any building or structure on the Property is damaged or destroyed by an insurable cause, Borrower shall, at its cost and expense, diligently undertake to repair or restore said buildings and structures consistent with the original Scope of Work for the Project if Borrower reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within 120 days after the damage or loss occurs and shall be complete within one year from such commencement, subject to any extensions of time granted pursuant to the provisions of Section 4.13. Subject to Borrower's election to rebuild, all insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Borrower shall make up the deficiency.

ARTICLE 6 INDEMNITY AND INSURANCE

6.1 **INDEMNITY AND INSURANCE.** Borrower hereby agrees to defend, indemnify and save harmless the Lender and to procure and maintain insurance in accordance with the provisions of Exhibit E attached hereto and incorporated herein by reference.

6.2 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No officials, employees and agents of Lender shall be personally liable to Borrower for any obligation created under the terms of these Loan Documents.

ARTICLE 7 HAZARDOUS MATERIALS

7.1 **REPRESENTATIONS AND WARRANTIES.** After reasonable investigation and inquiry, Borrower hereby represents and warrants to the best of its knowledge, as of the date of this Loan Agreement and except as previously disclosed and acknowledged in writing by Lender or as disclosed by the reports based on environmental audit(s) performed on the Property and submitted to Lender, that (a) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials in violation of Federal or State law; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including those relating to soil and groundwater conditions ("Hazardous Materials Laws"); (c) there are no claims or actions pending or threatened with respect to the Property by any governmental entity or agency or any other person relating to Hazardous Materials; and (d) there has been no release or threatened release of any Hazardous Materials on, under, or near the Property (including in the soil, surface water, or groundwater under the Property) or any other occurrences or conditions on the Property or on any other real property that could cause the Property or any part thereof to be classified as a "hazardous waste property" or as a "border zone property" under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

7.2 **NOTIFICATION TO LENDER.** Borrower shall promptly notify Lender in writing of: (a) the discovery of any concentration or amount of Hazardous Materials of which Borrower becomes aware on or under the Property requiring notice to be given to any

governmental entity or agency under Hazardous Materials Laws; (b) any knowledge by Borrower (after verification of the veracity of such knowledge to Borrower's reasonable satisfaction) that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by Borrower of written notice of any Hazardous Materials claims; and (d) the discovery by Borrower of any occurrence or condition on the Property or on any real property located within 2,000 feet of the Property that could cause the Property or any part thereof to be designated as a "hazardous waste property" or as a "border zone property" under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

7.3 USE AND OPERATION OF PROPERTY. Neither Borrower, nor any agent, employee, or contractor of Borrower, nor any authorized user of the Property shall use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. Borrower shall comply and cause the Project to comply with Hazardous Materials Laws.

7.4 REMEDIAL ACTIONS. If Borrower has actual knowledge of the presence of any Hazardous Materials on or under the Property, Borrower shall take, at no cost or expense to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal or other remedial action, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials claims. The foregoing, however, shall be subject to Borrower's right of contest below.

7.5 RIGHT OF CONTEST. Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if (a) the contest is based on a material question of law or fact raised by Borrower in good faith, (b) Borrower promptly commences and thereafter diligently pursues the contest, (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by Lender, Borrower deposits with Lender any funds or other forms of assurance Lender in good faith from time to time determines appropriate to protect Lender from the consequences of the contest being unsuccessful and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by Borrower under the conditions of this section.

7.6 ENVIRONMENTAL INDEMNITY. Borrower shall defend, indemnify, and hold Lender free and harmless against any claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and reasonable attorney's fees, that Lender may directly or indirectly sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Borrower knew of same) of any Hazardous Materials occurring prior to or during Borrower's use or occupancy of the Property.

ARTICLE 8 DEFAULT AND REMEDIES

8.1 **EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default" under this Loan Agreement:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the Note or any advances made by Lender under the Deed of Trust or this Loan Agreement; (2) Borrower's use of Loan funds for costs other than approved costs or for uses inconsistent with other terms and restrictions in the Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this Loan Agreement; (4) Borrower's failure to make any other payment or assessment due under the Loan Documents; (5) Borrowers failure to pay taxes; (6) Borrower's default under other debt secured by the Property after the applicable notice and cure periods have expired;

B. Project Development and Construction. (1) Borrower's substantial deviation in the development and construction work specified in the scope of work submitted to Lender, without Lender's prior written consent; (2) Borrower's use of defective or unauthorized materials or defective workmanship in development and construction of the Project; (3) Borrower's failure to commence or complete construction work according to the schedule specified in this Loan Agreement; (4) the cessation of construction work prior to completion of the Project for a period of more than twenty-one (21) continuous calendar days without proper justification; (5) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to Lender upon Lender's reasonable request; (6) Borrower's failure to substantially comply with any applicable federal, state, or local laws or Lender policies governing Project development and construction;

C. Operation. (1) Discrimination by Borrower on the basis of characteristics prohibited by applicable law or (2) the imposition of any encumbrances or liens on the Property without Lender's prior written approval that are prohibited under this Loan Agreement or that have the effect of reducing the priority of or invalidating the Deed of Trust;

D. General performance of Loan obligations. Any substantial breach by Borrower beyond applicable notice and cure periods of any material obligations on Borrower imposed in the Loan Documents;

E. General performance of other obligations. Any substantial or continuous breach by Borrower beyond applicable notice and cure periods of any material obligations on Borrower imposed by any other agreements, including any grant agreements, with respect to the financing, construction, or operation of the Project or the Property, whether or not Lender is a party to such agreement which may materially impair Lender's security;

F. Representations and warranties. A determination by Lender that its security has or will be materially impaired due to the fact that any of Borrower's representations or warranties made in the Loan Documents, or any certificates, documents, or schedules supplied to Lender by Borrower were untrue in any material respect when made, or that Borrower concealed or failed to disclose a material fact from Lender;

G. Damage to Property. Material damage or destruction to the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Property as required by the Loan Documents;

H. Bankruptcy, dissolution, and insolvency. Borrower's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) insolvency; (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

8.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For all Events of Default, Lender shall give written notice to Borrower of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such to completion which shall, in any event, not exceed ninety (90) days from the date of receipt of the notice to cure. The Lender has the sole discretion to determine whatever additional reasonable time is needed to cure. Notwithstanding anything to the contrary contained herein, a cure by the limited partner of Borrower shall be accepted as if cured by Borrower itself.

8.3 LENDER'S REMEDIES. Upon the happening of an Event of Default by Borrower and a failure to cure said Event of Default within the time specified in Section 8.2 above, Lender's obligation to disburse Loan proceeds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the Loan Documents or applicable law, proceed with any or all of the following remedies in any order or combination Lender may choose in its sole discretion:

A. Terminate this Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to Borrower by Lender under the Loan Documents including administrative costs, shall immediately become due and payable at the option of Lender;

B. Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the Loan Documents, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;

C. Accelerate the Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to Borrower by Lender under the Loan Documents;

D. Enter the Property and take any actions necessary in its judgment to complete development of the Project, including without limitation (1) making changes in the Scope of Work or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to Lender's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that Lender deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy;

E. Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete development of Project as needed to preserve Lender's interest in seeing the Project completed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that Lender or the receiver deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy);

F. Order immediate stoppage of development of Project and demand that any condition leading to the Event of Default be corrected before development of Project may continue;

G. Disburse from Loan proceeds any amount necessary to cure any monetary default;

H. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the Deed of Trust and apply them to operate the Property or to pay off the Loan or any advances made under the Loan Documents, as provided for by the Deed of Trust;

I. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust;

J. With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under California Civil Code Section 2929.5, and California Code of Civil Procedure Sections 564, 726.5, and 736; or

K. Pursue any other remedy allowed at law or in equity. Nothing in this section is intended or shall be construed as precluding Lender from proceeding with a nonjudicial foreclosure under the power of sale contained in the Deed of Trust in the Event of Default by Borrower.

ARTICLE 9 GENERAL PROVISIONS

9.1 **BORROWER'S WARRANTIES.** Borrower represents and warrants (1) that it has access to professional advice and support to the extent necessary to enable Borrower to fully comply with the terms of these Loan Documents and the Regulatory Agreement, and to otherwise carry out the Project, (2) that it is duly organized, validly existing and in good standing under the laws of the State of California, (3) that it has the full power and authority to

undertake the Project and to execute the Loan Documents, (4) that the persons executing and delivering the Loan Documents are authorized to execute and deliver such documents on behalf of Borrower, (5) that there has been no substantial adverse change in Borrower's financial condition since the date of application for this loan such as judgment liens, tax liens, mechanic's liens, bankruptcy, etc.; and (6) that all representations in the Borrower's loan application (including all supplementary submissions) are true, correct and complete in all material respects and are offered to induce Lender to make this loan.

9.2 MONITORING AND EVALUATION. Except as otherwise provided for in this Loan Agreement, Borrower shall maintain and submit records to Lender within ten (10) business days of Lender's request which clearly document Borrower's performance under each requirement of the Loan Documents.

9.3 CONFLICTS OF INTEREST. Borrower covenants that:

A. Except for approved eligible administrative or personnel costs, no person described in subsection (B) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this contract or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Borrower shall exercise due diligence to ensure that the prohibition in this Section is followed.

B. The conflict of interest provisions of Section 9.3(A) above apply to any person defined in California Government Code section 1090 and an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the City, or any person related within the third (3rd) degree of such person.

9.4 POLITICAL ACTIVITY. None of the funds, materials, property or services contributed by Lender or Borrower under this Loan Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

9.5 TERM OF THIS AGREEMENT. This Loan Agreement shall commence on the date set forth above and remain in full force and effect throughout the term of this Loan.

9.6 GOVERNING LAW. The Loan Documents shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law or those provisions preempted by federal law.

9.7 STATUTORY REFERENCES. All references in the Loan Documents or Regulatory Agreement to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the City of Oxnard shall be deemed to include the same statute, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such

other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

9.8 **TIME.** Time is of the essence in these Loan Documents.

9.9 **CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under the Loan Documents shall not be unreasonably withheld or conditioned. Any approval required under the Loan Documents shall be in writing and executed by an authorized representative of the party granting the approval.

9.10 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Borrower and Lender shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Borrower and Lender as follows:

LENDER: City of Oxnard
Affordable Housing Program
435 South D Street
Oxnard, CA 93030
Attn: Housing Director

BORROWER: Paseo Nuevo Partners, L.P.
435 South D Street
Oxnard, CA 93030
Attn: Executive Director

9.11 **BINDING UPON SUCCESSORS.** All provisions of these Loan Documents shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this Loan Agreement by Borrower without Lender's consent.

9.12 **RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender for this Project under this Loan Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as provided for herein) or any third party with respect to the Project, the Property, or the Loan.

9.13 **ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign any of its interests under this Loan Agreement or the Loan Documents to any other party, except as specifically permitted under the terms of the Loan Documents, without the prior written consent of Lender. Any unauthorized assignment shall be void.

9.14 **WAIVER.** Any waiver by Lender of any obligation in these Loan Documents must be in writing. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under the Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation under the Loan Documents shall not operate as a waiver or release from any of its obligations under the Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers.

9.15 **INTEGRATION.** This Loan Agreement and the other Loan Documents, including exhibits, executed by Borrower for the Property, if any, contain the entire agreement of the parties and supersede any and all prior negotiations.

9.16 **OTHER AGREEMENTS.** Borrower represents that it has not entered into any agreements that are inconsistent with the terms of the Loan Documents. Borrower shall not enter into any agreements that are inconsistent with the terms of the Loan Documents without an express waiver by Lender in writing.

9.17 **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to the Loan Documents must be in writing, and shall be made only if executed by both Borrower and Lender.

9.18 **SEVERABILITY.** Every provision of this Loan Agreement is intended to be severable. If any provision of this Loan Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

IN WITNESS WHEREOF, Lender and Borrower have caused this Loan Agreement to be executed by their duly authorized representatives.

City:

THE CITY OF OXNARD

Dr. Thomas E. Holden, Mayor

Borrower:

PASEO NUEVO PARTNERS, L.P. a
California limited partnership

By: LAS CORTES, INC., a California
nonprofit public benefit corporation, its
general partner



Name: Andres Herrera
Title: President

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Alan Holmberg, City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B

PROMISSORY NOTE

PROMISSORY NOTE
Affordable Housing Assistance
(Secured by Deed of Trust)

\$2,000,000

Oxnard, California
_____, 2011

FOR VALUE RECEIVED, the undersigned, Paseo Nuevo Partners, L.P., a California limited partnership ("Borrower"), hereby promises to pay to the order of the City of Oxnard, a California municipal corporation ("Lender"), the principal sum of Two Million Dollars (\$2,000,000) with interest on the unpaid balance thereof from the date of each advance evidenced by this Note set forth above until repaid at the rate of three percent (3%) simple interest (except as otherwise provided herein). The term Loan as used herein, means the Loan evidenced by this Note. The Loan is made pursuant to the terms of an Affordable Housing Loan Agreement (the "Loan Agreement") dated as of May 17, 2011, and Regulatory Agreement ("Regulatory Agreement") executed concurrently herewith between Borrower and Lender. Both principal and interest are payable as hereinafter provided, to Lender at 300 W. Third Street, Oxnard, California 93030, Attention: Finance Director, or at such other place as from time to time may be designated by the holder of this Note.

All of the provisions of this Note are agreements which are secured by the Deed of Trust securing this Note. A default in observance of any of the provisions is a default with consequences under the Deed of Trust. All terms not otherwise defined in this Note have the meaning assigned to such terms in the Agreement.

1. **DEFINITIONS.** The following definitions apply to this Note:

A. **Borrower:** Paseo Nuevo Partners, L.P.;

B. **Lender:** The City of Oxnard, California, a municipal corporation;

C. **Property:** Certain real property and improvements located at 5655, 5667, 5701, 5703-5705, 5709, 5713 and 5727 Cypress Road, Oxnard and as more particularly described in Exhibit A attached hereto and incorporated in full herein by this reference.

D. **Deed of Trust:** The Deed of Trust, of even date with this Note, which deed of trust secures performance of Borrower's obligations under this Note;

E. **Note:** This promissory note;

F. **Residual Receipts:** means, in a particular calendar year, the amount by which Revenue (as defined below) exceeds Operating Expenses (as defined below).

- (a) Revenue shall mean all income derived from the Project, including but not limited to rent from the units and income from laundry operations.
- (b) Operating Expense shall mean, actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance, and management of the Project, including without limitation painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for capital replacements with respect to the Project in an amount not to exceed reserve requirements reasonably imposed by any lender, cash deposited into an operating reserve in an amount not to exceed the amount reasonably required by any lender, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys, consultants and other professionals, payment in lieu of property taxes, repayment of any deferred development fees and any required debt service under senior loans (including, but not limited to, the secured debt referenced in Section 5.11 (b) of the Loan Agreement) . Operating Expenses may include the payment to Borrower of a reasonable partnership management fee and a reasonable asset management fee. Operating Expenses may also include a deferred developer fee. The Operating Expenses shall be reported in the Annual Financial Statement.
- (c) Revenue, Operating Expenses, and any other information necessary to establish Residual Receipts shall be determined from financial statements prepared under accounting principles generally accepted in the United States of America and audited by Certified Public Accountants as may be chosen by Borrower and accepted in writing by Lender. Lender's acceptance of accountant chosen by Borrower shall not unreasonably be withheld.

2. **PAYMENT PROVISIONS:** The following payment provisions apply to this Note:

- A. **Promise to Pay.** Borrower promises to pay to the order of Lender the principal sum of Two Million Dollars (\$2,000,000), plus interest thereon and other charges due under this Note, all in the manner provided below. Interest shall accrue at the rate of 3% simple interest on funds advanced, commencing on the date of each advance. All payments received shall be applied first to the charges which Lender is entitled to impose under this Note and the Deed of Trust, then to interest, and then to principal.
- B. **Payments.** Borrower promises to pay interest, principal, and all other sums which may become due on the Note as follows:

- (1) All sums outstanding under this Note shall be due and payable 55 years from the date Borrower becomes the owner of the Property.
- (2) All sums outstanding under this Note shall without any reduction become immediately due and payable upon any default under this Note, or upon any transfer (including hypothecation) of the Property securing payment of this Note not permitted by the Loan Agreement, upon any change in ownership or composition of the Borrower not permitted, or upon any breach or default of the Loan Agreement or the Regulatory Agreement.
- (3) All other payments shall be made annually, commencing on April 30 of the year following the issuance of the first Certificate of Occupancy for the Project, and each April 30 thereafter;
 - i. Payments shall be in the amount of up to 10% of Residual Receipts, as approved by Lender, for the year preceding the date on which payment is due; and
 - ii. The first payment shall be due April 30 of the year following the issuance of the first Certificate of Occupancy for the Project and shall be based upon Residual Receipts calculated for the year in which the City issued the first Certificate of Occupancy for the Project.

3. **PAST DUE PRINCIPAL AND INTEREST.** Any amount of principal or interest on the Loan or any fee or expense or other amount payable hereunder shall, to the extent permitted by law, bear interest from such payments due date until paid at the rate of 10% per annum, which interest shall be immediately due and payable.

4. **NO DEDUCTIONS, NO OFFSETS.** All payments of principal and interest hereunder shall be made without deduction of any present and future taxes, levies, duties, imposts, deductions, charges or withholdings imposed by any existing or future law, rule, regulation, treaty, directive or requirement whether or not having the force of law, which amounts shall be paid by Borrower. Borrower will pay the amounts necessary such that the gross amount of the principal and interest received by Lender is not less than that required by this Note. All stamp and documentary taxes shall be paid by Borrower. If, notwithstanding the foregoing, Lender pays any such taxes, Borrower will reimburse Lender for the amount paid, as additional interest, within five (5) days of Lender's demand for payment. Borrower will furnish Lender official tax receipts or other evidence of payment of all such amounts.

5. **ABSENCE OF USURY.** Borrower and Lender intend that the Loan be exempt from the restrictions contained in the California usury law, or if not exempt, that the Loan shall be in compliance with any applicable usury law. In furtherance thereof, Borrower and Lender agree that none of the terms and provisions contained in this Note, or in any other instrument executed in connection herewith, shall ever be construed to create a contract to pay for the use,

forbearance or detention of money, or interest at a rate in excess of the maximum interest rate permitted to be charged by applicable law. Therefore, if a court ultimately determines that the Loan is not exempt from the California usury law, or if a court determines that the usury law of another jurisdiction should be applied to the Loan: (a) neither Borrower nor any endorsers or other parties now or hereafter becoming liable for payment of this Note shall ever be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under applicable law, and the provisions of this Section shall control over all other provisions of this Note and any other instruments now or hereafter executed in connection herewith; (b) if the maturity hereof shall be accelerated for any reason or if the principal of this Note is paid prior to the end of the term of this Note, and as a result thereof the interest received for the actual period of existence of the Loan would be unlawful, the holder of this Note shall refund to Borrower the amount of such excess or shall credit the amount of such excess against the principal balance of the Note then outstanding; and (c) in the event that Lender or any other holder of this Note shall collect monies which are deemed to constitute interest which would increase the effective interest rate on this Note to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of the holder of this Note, be first, credited against the principal balance of this Note then outstanding, and second, returned to the Borrower.

6. **PREPAYMENT.** This Note may be prepaid in whole or in part without penalty or charge.

7. **ATTORNEY'S FEES.** Should the indebtedness represented by this Note or any part thereof be collected at law or in equity or through any bankruptcy (including, without limitation, any action for relief from the automatic stay or any other bankruptcy proceeding) receivership, probate or other court proceedings or by any judicial or non-judicial foreclosure proceeding, or if this Note is placed in the hands of attorneys for collection after default, the Borrower and all endorsers, guarantors and sureties of this Note jointly and severally agree to pay, in addition to the principal and interest due and payable hereon, reasonable attorneys' fees and collection costs and expenses. Should any action be brought to construe, clarify, or obtain a declaration as to the terms of this Note or the parties' obligations under it, the prevailing party in such action shall recover its reasonable attorneys' fees.

8. **WAIVER OF PRESENTMENT.** Borrower, and any and all endorsers, guarantors and sureties of this Note, and all other persons liable or to become liable on this Note, jointly and severally waive presentment for payment, demand, notice of demand and of dishonor and nonpayment of this Note, notice of intention to accelerate the maturity of this Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, and agree to all renewals, extensions, modifications, partial payments, releases or substitutions of security, in whole or in part, with or without notice, before or after maturity. The pleading of any statute of limitations as a defense to any demand against the makers, endorsers, guarantors and sureties is expressly waived by each and all such parties to the extent permitted by law.

9. **LOSS OF NOTE.** Upon notice from any holder to Borrower of the loss, theft, destruction or mutilation of this Note and, upon receipt of indemnity reasonably satisfactory to Borrower from any holder of this note (except that if Lender is the holder of this Note, an

indemnification from Lender shall be sufficient) or, in the case of mutilation hereof, upon surrender of the mutilated Note, Borrower will make and deliver a new note of like tenor in lieu of this Note.

10. **SUCCESSORS AND ASSIGNS.** This Note shall be binding upon and shall inure to the benefit of Borrower and Lender, and their successors and assigns.

11. **SEVERABLE PROVISIONS.** Every provision of this Note is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or enforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

12. **NOTICES.** Notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, mail or telegram or facsimile and addressed, if to Lender, 435 South "D" Street, Oxnard, California 93030, or if to Borrower, at 435 South "D" Street, Oxnard, California 93030. Notice by personal delivery shall be deemed effective upon the delivery of such notice to the party for whom it is intended at the recipient's address. Notice by mail shall be deemed effective two (2) business days after depositing such notice, certified or registered mail, postage prepaid, properly stamped and sealed, with the United States Postal Service, properly addressed regardless of whether or when the notice is actually received by the addressee. Notice by telegram shall be deemed effective upon the transmission of the telegram, telegraph charges prepaid, to the party for whom it is intended at the recipient's address. Notice by facsimile shall be effective upon transmission. Notice by overnight guaranteed delivery service shall be deemed effective one (1) business day after depositing such notice with said service, charges prepaid and properly addressed. Either party may give notice of any change of address in accordance with the notice procedures described above.

13. **DEFAULT.** Any failure to perform any obligation of Borrower under this Note, the Deed of Trust, the Loan Agreement, or the Regulatory Agreement shall be considered a default hereunder.

14. **JOINT AND SEVERAL.** The obligations of Borrower in this Note shall be joint and several obligations of Borrower and of each Borrower, if more than one, and of each of Borrower's heirs, devisees, legatees, administrators, executors, personal representatives, successors and assigns.

15. **GENDER.** In this Note, whenever the context so requires, the masculine gender includes feminine and/or neuter, and the singular number includes the plural.

16. **TIME OF ESSENCE.** Time is of the essence in this Note and the performance of each of the covenants and agreements contained herein.

17. **GOVERNING LAW.** This Note shall be construed and enforced in accordance with the laws of the State of California.

18. **AUTHORITY.** The person executing this Note represents and warrants that such person has the authority to execute this Note and bind borrower to its provisions.

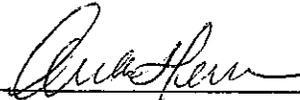
19. **CAPTIONS AND REFERENCES.** The captions of the Paragraphs of this Note are for the purposes of convenience only and are not intended to be part of this Note and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof. All "Paragraph" references are to the paragraphs of this Note, unless otherwise indicated.

20. **SECURITY.** This Note is secured by a deed of trust executed concurrently herewith, encumbering the property described therein.

DISCLOSURES. BORROWER HEREBY ACKNOWLEDGES THAT INTEREST IN THIS NOTE MAY AT TIMES TO BE CALCULATED BY HOLDER ON THE BASIS OF A THREE HUNDRED SIXTY (360) DAY YEAR AND IS FULLY AWARE THAT SUCH CALCULATIONS MAY RESULT IN AN ACCRUAL AND/OR PAYMENT OF INTEREST IN AMOUNTS GREATER THAN CORRESPONDING INTEREST CALCULATIONS BASED ON A THREE HUNDRED SIXTY-FIVE (365) DAY YEAR.

PASEO NUEVO PARTNERS, L.P.

By: LAS CORTES, INC., a California nonprofit
public benefit corporation, its general partner



Name: Andres Herrera

Its: President

EXHIBIT C
DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Oxnard
Affordable Housing & Rehab
435 South D Street
Oxnard, CA 93030
Attn: Program Manager

Request recording without fee. Record for the benefit of the
City of Oxnard pursuant to Section 6103 of the Government Code.

(Space above this line for Recorder's use)

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(This Deed of Trust contains an acceleration clause)
(Secures Promissory Note, Affordable Housing Loan Agreement, Regulatory Agreement)

This DEED OF TRUST is made _____, 2011, between Paseo Nuevo Partners, L.P., a California limited partnership, herein called TRUSTOR, whose address is 435 South D Street, Oxnard, CA 93030, _____ Title Company, herein called TRUSTEE, and the City of Oxnard, a California municipal corporation (the "City"), herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property located at 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, in the City of Oxnard, which is located in Ventura County, California, as more particularly described in Exhibit A (the "Property") attached hereto and incorporated herein by this reference;

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits.

This grant is made for the purpose of securing the performance of each agreement of Trustor incorporated by reference or contained herein; and performance of that certain Affordable Housing Loan Agreement dated May 17, 2011, that certain Regulatory Agreement and Promissory Note in the face amount of \$2,000,000 made by Paseo Nuevo Partners, L.P. The Regulatory Agreement and Promissory Note are dated concurrently with this Deed of Trust. This Deed of Trust secures all obligations of each of the foregoing agreements. Any default in the performance of obligations under any of such agreements is a default under each of the agreements and is a default hereunder, and entitles Beneficiary and Trustee to exercise all rights and remedies herein described.

To protect the security of this Deed of Trust, and with respect to the property 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 Orange County August 17, 1964, and in all other counties 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 property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Madera	911	136	San Luis Obispo	1311	137
Alpine	3	130-31	Marin	1849	122	San Mateo	4778	175
Amador	133	438	Mariposa	90	453	Santa Barbara	2065	881
Butte	1330	513	Mendocino	667	99	Santa Clara	6626	664
Calaveras	185	338	Merced	1660	753	Santa Cruz	1638	607
Colusa	323	391	Modoc	191	93	Shasta	800	633
Contra Costa	4684	1	Mono	69	302	San Diego Series 5	1964	149774
Del Norte	101	549	Monterey	357	239	Sierra	38	187
El Dorado	704	635	Napa	704	742	Siskiyou	506	762
Fresno	5052	623	Nevada	363	94	Solano	1287	621
Glenn	469	76	Orange	7182	18	Sonoma	2067	427
Humboldt	801	83	Placer	1028	379	Stanislaus	1970	56
Imperial	1189	701	Plumas	166	1307	Sutter	655	585
Inyo	165	672	Riverside	3778	347	Tehama	457	183
Kern	3756	690	Sacramento	5039	124	Trinity	108	595
Kings	858	713	San Benito	300	405	Tulare	2530	108
Lake	437	110	San Bernardino	6213	768	Tuolumne	177	160
Lassen	192	367	San Francisco	A-804	596	Ventura	2607	237
Los Angeles	T-3878	874	San Joaquin	2855	283	Yolo	769	16
						Yuba	398	693

shall inure to and bind the parties hereto, with respect to the property above described. Said Agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and attached hereto), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein (provided that in the event any said provision is inconsistent with the language in this Deed of Trust, the language of this Deed of Trust shall control), and Beneficiary may charge for a statement regarding the obligation secured hereby; provided the charge therefore does not exceed the maximum allowed by law.

The Trustor acknowledges receipt of a copy of such provisions of such fictitious deed of trust.

If the Trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be made to him as his address hereinbefore set forth.

SIGNATURE OF TRUSTOR

PASEO NUEVO PARTNERS, L.P. a
California limited partnership

By: LAS CORTES, INC., a California
nonprofit public benefit corporation, its
general partner



Name: Andres Herrera

Title: President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

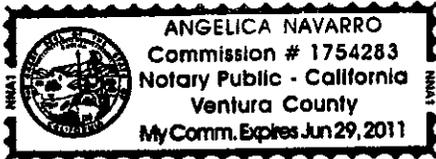
State of California

County of Ventura

On May 6, 2011 before me, Angelica Navarro, Notary Public,
Date Here Insert Name and Title of Officer

personally appeared Andres Herrera
Name(s) of Signer(s)

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



Place Notary Seal Above

WITNESS my hand and official seal.

Signature Angelica Navarro
Signature of Notary Public

EXHIBIT D
REGULATORY AGREEMENT

Recording Requested by and
When Recorded Return to:

City of Oxnard
305 West Third Street
Oxnard, California 93030

No Recording Fee Required In Accordance
With California Government code Section 6103

SPACE ABOVE THISLINE FOR RECORDER USE

REGULATORY AGREEMENT
(CITY OF OXNARD)

THIS REGULATORY AGREEMENT (CITY OF OXNARD) ("Regulatory Agreement") is entered into effective _____, 2011, by Paseo Nuevo Partners, L.P., a California limited partnership ("Developer") in favor of the City of Oxnard, a municipal corporation ("City") pursuant to and in evidence of an "Affordable Housing Loan Agreement" executed by Developer concurrently herewith (the "Loan Agreement").

WHEREAS, Developer is or will be the owner of that certain real property in the City of Oxnard ("City"), County of Ventura, State of California ("Property") described in Exhibit "A" attached hereto and incorporated herein by this reference; and

WHEREAS, Developer and City have entered into the Loan Agreement in which Developer has agreed to purchase and operate the Property as an affordable housing project, and City has loaned \$2,000,000 to assist development of the assisted units within the affordable housing project (the "Project"):

NOW, THEREFORE, IN CONSIDERATION FOR CITY'S ASSISTANCE,
DEVELOPER COVENANTS AND AGREES FOR THE BENEFIT OF CITY AS FOLLOWS:

AGREEMENT

1. Definitions

- a. As used in this Regulatory Agreement, unless a different meaning is apparent from the context or is specified elsewhere in this Regulatory Agreement, the following words and terms shall have the same meaning given or attributed to them in Title 25 of the California Code of Regulations.

housing costs;
family;
household;
low income household or family;
monthly adjusted income;
monthly income;
rent;
very low income household or family.

- b. For the purposes of this Regulatory Agreement a very low-income household or family, is a household or family with income not greater than 50% of the median income for Ventura County Metropolitan Statistical Area as determined by HUD, adjusted for family size (“AMI”).
2. Term. The provisions of this Regulatory Agreement shall remain in effect for a period of 55 years from the date of first occupancy of a unit in the Project.
 3. City Contributions. The City has provided funds for development costs of thirty-five (35) affordable apartment units (Assisted Units”).
 4. City Conditions. The Project shall meet all City conditions rules and regulations and shall be required to have approval of the Oxnard Planning Commission and City Council as required by City ordinances, resolutions, regulations and requirements.
 5. Affordability Requirements.
 - a. Twenty-one (21) of the Assisted Units shall be made available and rented only to very low income households or families earning 50% or less of AMI which may include extremely low income households or families. These 21 Assisted Units will be rented at rents which are not greater than 30% of 50% of the AMI.
 - b. Fourteen (14) of the Assisted Units shall be made available and rented only to low income households or families earning 60% or less of AMI which may include extremely low and very low income households or families. These 14 Assisted Units will be rented at rents which are not greater than 30% of 60% of the AMI.
 6. Construction. All work on the Project shall be performed by contractors, licensed under the laws of the State of California, as Developer may employ from time to time to execute such work. Developer shall comply with all federal, State and local laws and regulations pertaining to construction of the Project, including laws relating to competitive bidding and payment of prevailing wages, to the extent the same may be applicable. All work shall be performed in a workmanlike and quality fashion, free of encumbrances and liens, in full compliance with all applicable requirements of the Uniform Building Code and the Oxnard City Code. In addition to all other obligations of Developer as set forth in this Regulatory Agreement, Developer shall seek and obtain all necessary governmental approvals for the Project and shall pay all

permit application fees and development exactions then prescribed by city ordinance or resolution at the time of submittal, unless such fees or exactions are waived by City. Nothing herein excuses compliance by Developer with any or all City ordinances, resolutions or procedures in connection with development of the Project.

7. Maintenance. Developer shall, at all times during the term of this Regulatory Agreement, cause the Property and the Project to be maintained in good condition and repair regardless of cause of the disrepair. Developer shall be fully and solely responsible for costs of maintenance, repair, addition and improvements. City, and any of its employees, agents, contractors or designees shall have the right to enter upon the Project at reasonable times and in reasonable manner to inspect the project.
8. Reports. Developer will provide City with reports and records as follows:
 - a. Developer understands and agrees that City may, at any time, request information that may be required for the purpose of making necessary reports to the Department of Housing and Urban Development and State Department of Housing and Community Development, or for otherwise evaluating Developer's progress and performance pursuant to this Regulatory Agreement. In the event of such requests, Developer shall comply by providing the appropriate data within 15 working days from the date of any such request.
 - b. Developer further understands and agrees that the records and additional information described in this paragraph are required to be retained on a continuing basis for a period of 5 years after this Regulatory Agreement has expired.
 - c. Developer further understands and agrees that its failure to comply with any and all reporting and data submission requirements of this paragraph 8 may be deemed by City to be evidence of cessation of operation under the Regulatory Agreement or conversion to an unapproved change in use, requiring recovery of loan funds pursuant to the Regulatory Agreement, provided, however, that a failure to comply with the reporting and data submission requirements shall not be deemed to be cessation of operation under the Regulatory Agreement or a conversion to an unapproved change unless Developer has failed to cure such failure to comply within 30 days after City gives Developer a "notice to cure", or if the failure cannot be cured within 30 days, fails to commence to cure within 30 days and thereafter diligently pursue such cure.
 - d. All financial transactions must be supported by complete and verifiable source documents. Records shall provide a clear audit trail.

The affordability requirements contained in this Regulatory Agreement constitute covenants, conditions and restrictions that run with the land. Subject to the provisions of paragraph 16 below, if Developer fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within 30 days after City has notified Developer in writing of the default or if the default cannot be cured within 30 days, fails to commence to cure within 30 days and thereafter

diligently pursue such cure, City shall have the right to enforce this Regulatory Agreement by any means permitted by law, including an action at law or in equity to compel Developer's performance of its obligations, and/or for damages.

9. Hold Harmless Indemnification.

- a. Developer shall at all times defend, indemnify and save City, the City of Oxnard Community Development Commission ("CDC") and the City of Oxnard Housing Authority ("Housing Authority"), including their boards, council members, commissioners, agencies, departments, officers, employees, agents and volunteers, harmless against any and all claims, lawsuits, judgment, demands and liability against City, CDC, or the Housing Authority, all of their boards, council members, commissioners, agencies, departments, officers, employees, agents and volunteers, including those arising from injuries or death of persons and for damages to property, arising directly or indirectly out of the operations conducted or subsidized in whole or in part by City related to this Regulatory Agreement, save and except claims or litigation arising through the sole negligence or wrongdoing and/or sole willful misconduct of City or any other indemnitee. Developer is not obligated to indemnify City or others for claims based upon their use of information provided by Developer, provided the information itself is accurate. Developer shall at all times indemnify and hold harmless City, its officers and employees, from all loss, litigation, liability, damage, or expense, including, without limitation, potential tenant relocation costs arising under this Regulatory Agreement and/or any subcontract which Developer enters into relating to implementation of the Project.
- b. Developer's obligation to defend shall arise when a claim, demand or action is made or filed, whether or not such claim, demand or action results in a determination of liability or damages as to which Borrower is obligated to indemnify and hold harmless.

10. Modifications. This Regulatory Agreement is subject to written modification and termination as necessary by City in accordance with requirements contained in any future federal legislation and regulations. All other modifications must be in written form and approved by both parties. To the extent that any lender to, or equity investor in, the Project requires changes to this Regulatory Agreement, which changes do not materially affect the basic affordability, reporting, and enforcement provisions hereof, the City agrees to cooperate to effect such changes within a reasonable time.

11. Sale Of Property/Change Of Use. Developer agrees and declares that the Property and the Project shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, operated, sold, and approved subject to all obligations set forth or incorporated in this Regulatory Agreement, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property and the Project. All of the obligations set forth or incorporated in this Regulatory Agreement shall constitute covenants which run with the land and shall be binding on Developer and its successors and assigns, and all parties having or acquiring any right, title or interest in, or to any part of the Property or Project. Developer further understands

or failures to act of any public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City), or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Regulatory Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Regulatory Agreement may also be extended in writing by the mutual agreement of City's Housing Director and Developer.

17. Benefit Of Agreement. This Regulatory Agreement and every provision hereof is for the exclusive benefit of Developer and City and not for the benefit of any other party. There shall be no incidental or other beneficiaries of any of Developer's or City's obligations under this Regulatory Agreement.

18. Enforcement Of Agreement. If any terms, provisions, conditions or covenants in this Regulatory Agreement, or the application thereof to any party or circumstances, shall to any extent be held invalid or unenforceable, the remainder of this Regulatory Agreement, or the application of such terms, provisions, conditions or covenants to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Regulatory Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Governing Law. The terms of this Regulatory Agreement shall be interpreted according to the laws of the State of California.

20. Rights of Mortgage Holders. The provisions of these Covenants do not limit the right of the holder of any mortgage, deed of trust or other lien or encumbrance to exercise any of its remedies for the enforcement of any pledge or lien upon the Property, recorded prior in time to this Regulatory Agreement or to which this Regulatory Agreement has been subordinated in writing. In the event of any foreclosure under any such mortgage, deed of trust, or other lien or encumbrance, or a sale pursuant to any power of sale included in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns and the Property shall not be subject to conditions, restrictions and covenants contained in Paragraphs 5, 6, and 8 hereinabove.

21. City Successors. City, its successors and assigns, is deemed the beneficiary of the covenants contained herein, without regard to technical classification and designation. The covenants shall run in favor of City, its successors and assigns, without regard to whether City has been, remains, or is an owner of any land or interest therein.

22. Modification. City and its successors and assigns, and Developer and its successors and assigns shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in these covenants without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property: provided, however,

that the obligations set forth in paragraph 20 shall not be subject to modification without the consent of any affected lienholder.

23. No Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, familial status, medical condition, or retaliation for having filed a discrimination complaint, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices or discrimination or segregation with reference to the selection, location, number use or occupancy of buyers, tenants, lessees, subtenants, sublessees, or vendees of the Property.

The Developer shall refrain from restricting the rental, sale or lease of the Property to any person on the basis of race, color, religion, ancestry, familial status, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

“The transferee 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 12955.0 of the Government code, in the sale, lease sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lesses, subtenants, sublesses, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

IN WITNESS WHEREOF, City and Developer have executed this Regulatory Agreement.

(NOTARIZATION REQUIRED)

City:

THE CITY OF OXNARD

Developer:

PASEO NUEVO PARTNERS, L.P. a
California limited partnership

By: LAS CORTES, INC., a California
nonprofit public benefit corporation, its
general partner

Dr. Thomas E. Holden, Mayor

Name: Andres Herrera
Title: President

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Alan Holmberg, City Attorney

EXHIBIT E
INSURANCE REQUIREMENTS

**INSURANCE REQUIREMENTS FOR CONSULTANTS
(WITH ERRORS AND OMISSIONS REQUIREMENT)**

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office automobile liability coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession to a minimum coverage of \$1,000,000, with neither Consultant nor listed subconsultants having less than \$500,000 individually. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant.

2. Consultant shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-A. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before commencement of services. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Risk Manager, addressed as follows:

City of Oxnard
Risk Manager
Reference No. _____
300 West Third Street, Suite 302
Oxnard, California 93030

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name City, its City Council, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-A or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance or self-insurance coverages (**this must be endorsed**). Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance 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.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Risk Manager.

INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

Certificates of Insurance

A sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed. Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.

Endorsement Forms

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that the Consultant/insurer use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the sample accord form.

INS-A.doc

ACORD CERTIFICATE OF INSURANCE

ISSUE

DATE

(MM/DD/YY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

PRODUCER

CODE SUB-CODE

COMPANIES AFFORDING INSURANCE COVERAGE

INSURED

COMPANY LETTER A SPECIFY COMPANY NAMES IN THIS SPACE
 COMPANY LETTER B

COVERAGES
 THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. <input checked="" type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG . \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE \$1,000,000 LIMIT BODILY INJURY \$ (Per person) BODILY INJURY \$ (Per accident) PROPERTY DAMAGE \$
A	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	OTHER Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage \$1,000,000 Each consultant/

\$500,00

0
& listed sub-consultant

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

CERTIFICATE HOLDER

City of Oxnard
Attn: Risk Manager
Reference No.

300 W. Third Street, Suite 302
Oxnard CA 93030

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Rev. 5/11

INS-A.doc

**GENERAL LIABILITY SPECIAL ENDORSEMENT
FOR THE CITY OF OXNARD (the "City")**

SUBMIT IN DUPLICATE

ENDORSEMENT NO.	ISSUE DATE (MM/DD/YY)
-----------------	-----------------------

PRODUCER _____

Telephone: _____

POLICY INFORMATION:
Insurance Company: _____
Policy No.: _____
Policy Period: (from) _____ (to) _____
LOSS ADJUSTMENT EXPENSE Included in Limits
 In Addition to Limits

NAMED INSURED _____

Deductible Self-Insured Retention (check which) of \$ _____
with an Aggregate of \$ _____ applies to _____
coverage. Per Occurrence Per Claim (which)

APPLICABILITY. This insurance pertains to the operations, products and/or tenancy of the named insured under all written agreements and permits in force with the City unless checked here in which case only the following specific agreements and permits with the City are covered

CITY AGREEMENTS/PERMITS _____

TYPE OF INSURANCE

GENERAL LIABILITY
 COMMERCIAL GENERAL LIABILITY Claims Made
 COMPREHENSIVE GENERAL LIABILITY Retroactive Date _____
 OWNERS & CONTRACTORS PROTECTIVE Occurrence

OTHER PROVISIONS

COVERAGES

LIABILITY LIMITS IN THOUSANDS \$

EACH OCCURRENCE	AGGREGATE
-----------------	-----------

GENERAL
 PRODUCTS/COMPLETED OPERATIONS
 PERSONAL & ADVERTISING INJURY
 FIRE DAMAGE

--	--

CLAIMS: Underwriter's representative for claims pursuant to this insurance.
Name: _____
Address: _____
Telephone: () _____

In consideration of the premium charged and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any endorsement now or hereafter attached thereto, insurance company agrees as follows:

- INSURED.** The City, its officers, agents, employees and volunteers are included as insureds with regard to liability and defense of suits arising from the operations, products and activities performed by or on behalf of the named insured.
- CONTRIBUTION NOT REQUIRED.** As respects: (a) work performed by the named insured for or on behalf of the City; or (b) products sold by the named insured to the City; or (c) premises leased by the named insured from the City, the insurance afforded by this policy shall be primary insurance as respects the City, its officers, agents, employees or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the City, its officers, agents, employees or volunteers shall be in excess of this insurance and shall not contribute with it.
- SEVERABILITY OF INTEREST.** This insurance applies separately to each insured against whom claim is made or suit is brought except with respect to the company's limits of liability. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included.
- CANCELLATION NOTICE.** With respect to the interests of the City, this insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days prior written notice by receipted delivery has been given to the City.
- PROVISIONS REGARDING THE INSURED'S DUTIES.** Any failure to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the City, its officers, agents, employees or volunteers.
- SCOPE OF COVERAGE.** This policy, if primary, affords coverage at least as broad as:
 - Insurance Services Office Commercial General Liability Coverage, "occurrence" form CG0001; or
 - If excess, affords coverage which is at least as broad as the primary insurance form CG0001.

Except as stated above nothing herein shall be held to waive, alter or extend any of the limits, conditions, agreements or exclusions of the policy to which this endorsement is attached.

ENDORSEMENT HOLDER

CITY OF OXNARD
Attn: Risk Manager
Reference No. _____
300 W. Third Street, Suite 302
Oxnard, CA 93030

AUTHORIZED REPRESENTATIVE
 Broker/Agent Underwriter _____
I, _____ (print/type name), warrant that I have authority to bind the above-mentioned insurance company and by my signature hereon do so bind this company to this endorsement.
Signature _____
(original signature required)
Telephone: () _____ Date Signed: _____

EXHIBIT "A"

All that certain real property situated in the County of Ventura, State of California, described as follows:

PARCEL 1:

The North 68.55 feet of Lot 10 of Garden City Acres, in the City of Oxnard, in the County of Ventura, State of California, as per Map recorded in Book 11, Pages 104 of Maps, in the office of the County Recorder of said County.

PARCEL 2:

Part of Lot 10 of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per Map recorded in Book 11, Page 104 of Maps, in the office of the County Recorder of said County, described as follows:

Beginning at a point on the East line of said Lot 10, distant Southerly thereon 68.55 feet from the Northeast corner thereof; thence Westerly and parallel to the North line of said Lot,

- 1st: South 89° 53' West 635.39 feet to the west line of said Lot; thence along the West line of said Lot,
- 2nd: South 0° 02' East 137.11 feet to a point; thence Easterly and parallel to the North line of said Lot,
- 3rd: North 89° 53' East 318.39 feet to a point; thence Northerly and parallel to the West line of said Lot,
- 4th: North 0° 02' West 127.11 feet to a point; thence Easterly and parallel to the North line of said Lot,
- 5th: North 89° 53' East 317.00 feet to the East line of said Lot; thence Northerly along the East line of said Lot,
- 6th: North 0° 02' West 10.00 feet to the point of beginning.

EXCEPT that portion described as follows:

Beginning at a point on the Westerly line of said Lot 10, distant Southerly thereon 68.55 feet from the Northwestern corner thereof;

- 1st: South 0° 02' East 137.11 feet; thence,
- 2nd: North 89° 53' East 75.00 feet; thence, parallel with the Westerly line of said Lot;
- 3rd: North 0° 02' West 137.11 feet; thence, parallel with the Northerly line of said Lot;
- 4th: South 89° 53' West 75 feet to the point of beginning.

Parcel 3:

A part of Lot 10 of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per Map recorded in Book 11, Page 104 of Maps, in the office of the County Recorder of said County, described as follows:

Beginning at a point on the Westerly line of said Lot 10, distant Southerly thereon 68.55 feet from the Northwesterly corner thereof;

- 1st: South 0° 02' East 137.11 feet; thence,
- 2nd: North 89° 53' East 75.00 feet; thence, parallel with the Westerly line of said Lot;
- 3rd: North 0° 02' West 137.11 feet; thence, parallel with the Northerly line of said Lot;
- 4th: South 89° 53' West 75 feet to the point of beginning.

Parcel 4:

A part of Lot 10 of Garden City Acres, in the City of Oxnard, in the County of Ventura, State of California, as per Map recorded in Book 11, Page 104 of Maps, in the office of the County Recorder of said County, and more particularly described as follows:

Beginning at a point on the East line of said Lot, 78.55 feet South of the Northeast corner of said Lot; thence,

- 1st: West and parallel with the North line of said Lot a distance of 317.00 feet; thence,
- 2nd: Southerly and parallel with the East line of said Lot a distance of 107.00 feet; thence,
- 3rd: East and parallel with the North line of said Lot a distance of 317.00 feet to the East line of said Lot; thence,
- 4th: Northerly along the East line of said Lot a distance of 107.00 feet to the point of beginning.

Parcel 5:

A part of Lot 10, of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per Map recorded in Book 11, Page 104 of Maps, in the office of the County Recorder of said Ventura County, more particularly described as follows:

Beginning at a point on the East line of said Lot 10, 185.55 feet South of the Northeast corner of said Lot 10; thence Westerly and parallel to the North line of said Lot 10; a distance of 317.00 feet; thence Southerly and parallel to the West line of said Lot 10, a distance of 10.00 feet; thence Easterly and parallel to the North line of said Lot 10, to the East line of said Lot 10; thence Northerly along the East line of said Lot 10, a distance of 10.00 feet to the place of beginning.

Parcel 6:

That portion of Lot 10 of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Southwest corner of said Lot 10; thence,

- 1st: Easterly along the South line of said lot a distance of 200.39 feet; thence
- 2nd: Northerly and parallel to the West line of said lot a distance of 137.12 feet; thence;
- 3rd: Westerly and parallel to the North line of said lot 200.39 feet tot East Half West line of said lot; thence;

4th: Southerly along the West line of said lot 137.12 feet to the point of beginning.

Except all oil, gas, hydrocarbon substances as reserved by Staton Raper, et ux., in deed recorded August 13, 1957 in Book 1541 Page 66, of Official Records.

Parcel 7:

A part of Lot 10 of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at a point in the South line of said Lot 10, distant Easterly 200.39 feet from the Southwest corner of said Lot 10, which said point of beginning is also the Southeast corner of the land conveyed by Charles McIver, et ux, to Staton Raper, et ux., recorded contemporaneously herewith; thence from said point of beginning:

- 1st: Northerly and parallel with the West line of said Lot 10, 137.12 feet to a point, which point is the Northeast corner of said land so conveyed to Stanton Raper, et ux., thence;
- 2nd: Easterly and parallel to the North line of said Lot 10, a distance of 100.00 feet to a point which point is the Northwest corner of the land conveyed to Hugh E. Davis, et ux., by deed from Charles McIver, et ux., recorded contemporaneously herewith, thence;
- 3rd: Southerly and parallel with the West line of said Lot 10, a distance of 137.12 feet to a point in the South line of said Lot 10, which point is also the Southwest corner of said land conveyed to Hugh E. Davis, et ux., thence;
- 4th: Westerly along the South line of said Lot 10, a distance of 100.00 feet to the point of beginning.

Parcel 8:

A part of Lot 10 Of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, particularly described as follows:

Beginning at the Southwest corner of the land conveyed to Carrie M.G. Wilder, by deed recorded May 19, 1947 in Book 788 Page 166, of Official Records, which point is also distance the Easterly along the South line of said Lot 10, 400.39 feet from the Southwest corner of said Lot 10; thence from said point of beginning,

- 1st: Northerly and parallel to the West line of said Lot 10 a distance of 137.12 feet to the Northwest corner of the land so conveyed to Carrie M.G. Wilder; thence,
- 2nd: Easterly and parallel to the North line of said Lot 10, 235.00 feet to the East line of said Lot 10; thence,
- 3rd: Northerly along the East line of said Lot 10, a distance of 10.00 feet to a point; thence,
- 4th: Westerly and parallel to the North line of said Lot 10, a distance of 267.00 feet to a point; thence,
- 5th: Southerly and parallel to the West line of said Lot 10, a distance of 10.00 feet to a point; thence,
- 6th: Westerly and parallel to the North line of said Lot 10, a distance of 68.00 feet to a point, which point is also the Northeast corner of that certain land conveyed to Charles McIver, et ux., to Hubert McEarl, et ux., by deed recorded contemporaneously herewith; thence,
- 7th: Southerly and parallel to the West line of said Lot 1 and along the East line of said land so conveyed to Hubert McEarl, a distance of 137.12 feet to a point in the South line of said Lot 10; thence,
- 8th: Easterly along the South line of said Lot 10, 100.00 feet to the point of beginning.

Parcel 9:

A part of Lot 10 Of Garden City Acres, in the City of Oxnard, County of Ventura, State of California,

as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, particularly described as follows:

Beginning at a point in the East line of said Lot 10, 195.55 feet South of the Northeast corner of said Lot 10; thence Westerly and parallel to the North line of said Lot 10, 317.00 feet to the true point of beginning; thence from said true point of beginning.

- 1st: South and parallel to the West line of said Lot 10 a distance of 10.00 feet to a point; thence,
- 2nd: Easterly and parallel to the North line of said Lot 10, a distance of 50.00 feet to a point; thence,
- 3rd: Northerly and parallel to the West line of said Lot 10, a distance of 10.00 feet to a point; thence,
- 4th: Westerly and parallel to the North line of said Lot 10, a distance of 50.00 feet to the true point of beginning.

Parcel 10:

A part of Lot 10 Of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, particularly described as follows:

Beginning at a point on the East line and 205.66 feet South of the Northeast corner of Lot 10; thence,

- 1st: West and parallel to the North line of said Lot a distance of 235.00 feet; thence,
- 2nd: Southerly and parallel to the West line of said Lot a distance of 137.12 feet to the South line of said Lot; thence,
- 3rd: East along the South line of said Lot to the Southeasterly line of said Lot; thence,
- 4th: Northeasterly along the Southeasterly line of said Lot to a point on the Westerly line of Cypress Road; thence,
- 4th: Northerly along the Westerly line of Cypress Road to the point of beginning.

Parcel 11:

A portion of Parcel C, Subdivision 83 of Rancho El Rio De Santa Clara O'La Colonia, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 3 Page 14 of Maps, in the Office of the County Recorder of said County, more particularly described as follows:

Beginning at a point on the Westerly line of Cypress Road, 50.00 feet wide, as said road is shown on a map of Garden City Acres, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 11 Page 104 of Maps, in the Office of the County Recorder of said County, said point also bears North 0° 02' 00" West 96.63 feet from the Northwesterly line of that strip of land 25.00 feet wide as conveyed to Ventura County Railway, recorded in Book 106 Page 540 of Deeds; thence from said Point of beginning,

- 1st: South 89° 58' 00" West 56.92 feet to a point on the Southwesterly line of Lot 10 of said Garden City Acres; thence along said Southeasterly line,
- 2nd: North 37° 10' 45" East 94.15 feet to a point on the Westerly line of said Cypress Road; thence along said Westerly line,
- 3rd: South 0° 02' 00" East 75.00 feet to the point of beginning.

Except therefrom Parcels 1 thru 6 above all water pipe lines, gates and valves and other property now installed in, through and across said land which belong to or comprise portions of the irrigation and/or water systems used in connection with said Subdivision, as reserved by Mary Farrell, a widow, in deed recorded June 9, 1943 in Book 676 Page 6, of Official Records.