TO: Chairperson and Members of the Redevelopment Agency
    Mayor and City Council
FROM: Mark Lewis, Executive Director/City Manager
      Steven J. Pinkerton, Housing and Redevelopment Director
SUBJECT: RESOLUTIONS: APPROVING A SALES AGREEMENT; A REGULATORY AGREEMENT, OPTION AGREEMENT AND RESTRICTIVE COVENANTS TO THE STOCKTON COMMUNITY LAND TRUST FOR THE MARKET RATE SALE OF SURPLUS PROPERTY AT 114 WEST PARK STREET FOR AFFORDABLE HOUSING USE AND AUTHORIZE THE CITY MANAGER/EXECUTIVE DIRECTOR TO CARRY OUT ALL THE NECESSARY ACTIONS TO ACCOMPLISH THE INTENT OF THE COUNCIL/REDEVELOPMENT AGENCY DIRECTION

RECOMMENDATION

City Council Action

It is recommended that the City Council adopt a resolution:

1. Approving the sales agreement for the Stockton Community Land Trust to purchase the surplus property located at 114 West Park Street for the market price of $80,000, and authorize the City Manager to carry out the intent of Council direction.

Redevelopment Agency Action

It is recommended that the Redevelopment Agency adopt a resolution:

1. Accepting and approving the regulatory agreement, option agreement and restrictive covenants for 114 West Park Street and authorize the Executive Director to execute all documents and sales agreements related to this Council action and to carry out all associated actions.

SUMMARY

This item proposes the sale of city-owned surplus property to the Stockton Community Land Trust (SCLT) for the purpose of rehabilitating it and making it available to a low-and moderate income family.
RESOLUTIONS: APPROVING A SALES AGREEMENT; A REGULATORY AGREEMENT, OPTION AGREEMENT AND RESTRICTIVE COVENANTS TO THE STOCKTON COMMUNITY LAND TRUST FOR THE MARKET RATE SALE OF SURPLUS PROPERTY AT 114 WEST PARK STREET FOR AFFORDABLE HOUSING USE AND AUTHORIZE THE CITY MANAGER/EXECUTIVE DIRECTOR TO CARRY OUT ALL THE NECESSARY ACTIONS TO ACCOMPLISH THE INTENT OF THE COUNCIL/REDEVELOPMENT AGENCY DIRECTION (Page 2)

The City acquired this property using federal funds through a foreclosure sale and will fully reimburse the Department of Housing and Urban Development (HUD) when the sale is complete. The SCLT will rehabilitate the property to the agreed-upon standards and sell the improvements to a low- or moderate-income resident/family. The land will remain with SCLT in a trust, thereby helping it to remain affordable for the next owner/occupant.

DISCUSSION

The City acquired the property located at 114 West Park Street as a result of a default on a residential rehabilitation loan. The foreclosed property is a two-bedroom, one-bathroom and one-story unit situated on a 5,000 square foot lot. The subject property does not have a garage or any off-street parking. The Housing Division has been working with the Stockton Community Land Trust (SCLT) for the sale of the subject property. SCLT will rehabilitate the property and sell the improvements to a low- or moderate-income family. As mentioned above, SCLT will retain ownership of the land in a trust, thereby keeping the property affordable.

The property will be sold to the Trust for $80,000, which is market price. The house is not habitable; it is gutted and will require extensive improvements to make the structure useable. This rehabilitation must be done to prescribed standards as one of the terms of the sale. Therefore, staff recommends the sale of the property for a market price of $80,000, for the development of affordable housing. The City has also indicated that, if necessary, once the house is complete it will provide funds to help make the property affordable to a low-income buyer.

The subject property was declared excess by the City Manager on June 30, 2004. It is being sold directly to an affordable housing entity in accordance with Government Code Section 54220; and therefore, will not be offered to the general public.

NOTIFICATION

Sales of property require advertising in the legal notice section of The Record at least ten days prior to the Council meeting, which has been completed.
RESOLUTIONS: APPROVING A SALES AGREEMENT; A REGULATORY AGREEMENT, OPTION AGREEMENT AND RESTRICTIVE COVENANTS TO THE STOCKTON COMMUNITY LAND TRUST FOR THE MARKET RATE SALE OF SURPLUS PROPERTY AT 114 WEST PARK STREET FOR AFFORDABLE HOUSING USE AND AUTHORIZE THE CITY MANAGER/EXECUTIVE DIRECTOR TO CARRY OUT ALL THE NECESSARY ACTIONS TO ACCOMPLISH THE INTENT OF THE COUNCIL/REDEVELOPMENT AGENCY DIRECTION (Page 3)

ENVIRONMENTAL CLEARANCE

This project is categorically exempt under the State CEQA Guidelines [Section: 15301B], as specified on the attached Notice of Exemption. In accordance with Section 65402 of the Government Code, this activity/project has been determined to conform with the City’s General Plan designation.

FINANCIAL SUMMARY

The City will pay the advertising charges, recording fee and the documentary transfer tax. SCLT will pay for any title insurance they so desire. The sale proceeds will be used to reimburse the Department of Housing and Urban Development.

Respectfully submitted,

STEVEN J. PINKERTON, DIRECTOR
HOUSING & REDEVELOPMENT DEPARTMENT

SJP/MW:slw

APPROVED:

MARK LEWIS
EXECUTIVE DIRECTOR/CITY MANAGER
REGULATORY AGREEMENT, OPTION AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
(114 West Park Street)

This Regulatory Agreement, Option Agreement and Declaration of Restrictive Covenants (the "Agreement") is made and entered into as of this _____ day of ______ 2004, by and between the Redevelopment Agency of the City of Stockton, a public body, corporate, and politic (the "Agency"), and Stockton Community Land Trust, a California nonprofit public benefit corporation (the "Developer").

RECITALS

A. These Recitals refer to and utilize certain capitalized terms, which are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in conjunction with the use thereof in these Recitals.

B. The City of Stockton (the "City") acquired certain real property located at 114 West Park Street in the City of Stockton, California, which is more particularly described in the attached Exhibit A (the "Property"), and the two-bedroom single-family home located thereon (the "Home"). The Property does not include the Home, and the Homes does not include any portion of the Property.

C. The City and the Developer have entered into a purchase and sale agreement of even date herewith, pursuant to which the City shall sell the Property to the Developer for its fair market value. The fair market value of the Property shall be determined by appraisal, with the City's approval, and set forth in the attached Exhibit B.

D. The Developer intends to substantially rehabilitate the Home and then sell it to a Lower-Income Household (the "Homeowner") at an affordable price. The Developer desires to retain the fee interest in the Property, but lease the Property to the Homeowner, pursuant to a ground lease agreement (the "Ground Lease"). At the time of
the sale, the City intends to provide assistance to the Homeowner and Developer in the form of downpayment assistance. The amount of this assistance is not included in this Agreement and will be the subject of additional documentation by the City.

E. In consideration of the City's agreement to sell the Property to the Developer, the Developer has agreed to enter into this Agreement with the Agency to place resale controls on the Home, thereby maintaining its long-term affordability. The Developer shall cause the Homeowner to enter into an agreement with the Agency restricting the resale of the Home with terms consistent with this Agreement to be recorded against the Homeowner's leasehold interest in the Property at the time of the sale of the Home from the Developer to the Homeowner (the "Resale Restriction Agreement").


G. Through this Agreement, the Agency is imposing occupancy and affordability restrictions on the Home in order to meet replacement and production housing requirements applicable to the Project Area pursuant to Health and Safety Code Sections 33413(a) and 33413(b)(2)(A)(i).

H. The California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) ("CEQA"), imposes no conditions on the City's and Agency's consideration and approval of this Agreement, because the project undertaken pursuant to this Agreement is the rehabilitation of existing improvements, and such projects are exempt from CEQA requirements under class 2 categorical exemption pursuant to 14 CCR 15302.

THEREFORE, the Agency and the Developer hereby agree as follows.
ARTICLE 1
DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have
the respective meanings assigned to them in this Article 1.

(a) "Actual Household Size" shall mean the actual number of persons
in the applicable household.

(b) "Adjusted Income" shall mean the total anticipated annual income
of all persons in a household, as calculated in accordance with 25 California Code of
Regulations Section 6914 or pursuant to a successor State housing program that utilizes a
reasonably similar method of calculation of adjusted income. In the event that no such
program exists, the Agency shall provide the Homeowner with a reasonably similar
method of calculation of adjusted income as provided in said Section 6914.

(c) "Affordable Housing Price" shall mean the sales price for the
Home that will cause the Monthly Housing Cost of the Homeowner that purchases the
Home to not exceed one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted
Income of such Homeowner. The Affordable Housing Price shall be calculated and
determined by the Agency in its sole and absolute discretion.

(d) "Agency" shall mean the Redevelopment Agency of the City of
Stockton, a public body, corporate, and politic, organized and existing pursuant to the
California Community Redevelopment Law (Health and Safety Code Sections 33000 et
seq.).

(e) "Agreement" shall mean this Regulatory Agreement and
Declaration of Restrictive Covenants to be recorded on the fee interest in the Property.

(f) "CEQA" means the California Environmental Quality Act (Public
Resources Code 21000 et seq.), and its implementing guidelines.

(g) "City" shall mean the City of Stockton, a charter city.

(h) "City Council" means the governing body of the City.

(i) "Developer" shall mean Stockton Community Land Trust, a
California nonprofit public benefit corporation, and its successors and assigns.

(j) "Eligible Purchaser" has the meaning set forth in Section 5.7.

(k) "Grant Deed" means the grant deed by which the City conveys its
fee estate in the Property to the Developer.

(l) "Ground Lease" means the ground lease agreement between the
Developer and each Homeowner to be recorded against the Property. The Ground Lease
shall be approved by the Agency in its sole and absolute discretion pursuant to Section 4.1(b). The Ground Lease will be recorded against the Property at the time of conveyance of the Home by the Developer to the Homeowner.

(m) "Hazardous Materials" shall mean:

(1) any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code at such time;

(2) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time;

(3) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA (42 U.S.C. Section 9601 et seq.), Federal Water Pollution Control Act (33 U.S.C. Section 1521 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000 (f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clear Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (including, but not limited to, Section 25100 et seq., Section 3900 et seq.), or California Water Code (Section 1300 et seq.), at such time; and

(4) any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Home.

The term "Hazardous Materials" shall not include: rehabilitation materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the rehabilitation, maintenance, rehabilitation, or management of commercial property, or commonly used or sold by hardware, home improvement stores, or medical clinics and which are used and stored in accordance with all applicable environmental ordinances and regulations.

(n) "Hazardous Materials Laws" shall mean all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Home or any portion thereof.

(o) "Home" shall mean the two-bedroom single-family home located on the Property, and not the real property thereunder.

(p) "Homeowner" shall mean a Lower Income Household who shall enter into a Purchase and Sale Agreement and a Ground Lease with the Developer for the purchase of the Home and the lease of the Property, respectively, as well as a Resale Restriction Agreement with the Agency.
(q) "Homeowner Education Plan" means the Developer's plan to educate the Homeowner purchasing Home that is submitted to the Agency for approval in accordance with Section 5.12.

(r) "Homeowner Transfer" means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, an interest evidenced by a land contract by which possession of the Home is transferred and Homeowner retains title, or a deed of trust. A Homeowner Transfer shall not include a transfer: (i) to an existing spouse or domestic partner; (ii) by a Homeowner to a spouse or domestic partner where the spouse or domestic partner becomes the co-owner of the Home; (iii) between spouses as part of a marriage dissolution proceeding; (iv) to an existing spouse or domestic partner of Homeowner by devise or inheritance following the death of Homeowner; (v) by Homeowner into an inter vivos revocable trust in which Homeowner is the beneficiary; or (vi) refinace of the Home with prior Agency approval. "Domestic partner" shall mean shall mean two unmarried people, at least eighteen (18) years of age, who have lived together continuously for at least one (1) year and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic partners may not be persons related to each other by blood or adoption such that, for those reasons, their marriage would be barred in the state of California.

(s) "Lower Income Households" shall mean persons and families whose Adjusted Income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, consistent with Health and Safety Code Section 50079.5.

(t) "Monthly Housing Cost" shall include all of the following costs associated with a Home:

1. Principal and interest on mortgage loans and any loan insurance fees associated therewith.

2. Property taxes and assessments.

3. Fire and casualty insurance covering replacement value of property improvements.

4. Property maintenance and repairs.

5. A reasonable allowance for utilities, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities do not include telephone service or cable services. Such an allowance shall take into consideration the cost of an adequate level of service.

6. Homeowner association fees, if any.
Monthly Housing Cost of the Homeowner shall be an average of estimated costs over twelve (12) months.

(u) "Parties" means the Agency and the Developer.

(v) "Party" shall refer to the Agency or the Developer.

(w) "Property" shall refer to that certain real property located at 114 West Park Street in the City and more particularly described in Exhibit A, but not including the Home or any other improvements thereon.

(x) "Purchase and Sale Agreement" shall mean the purchase and sale agreement approved by the City by which the Developer shall sell and the Homeowner shall buy the Home at the Affordable Housing Price.

(y) "Purchase Price" means the purchase price paid by the Developer to the City for the Property as set forth in Recital C.

(z) "Security Financing Interests" shall have the meaning as set forth in Section 7.1.

(aa) "Resale Restriction Agreement" shall mean the agreement by and between the Agency and the Homeowner restricting the resale of the Home to be recorded against the Homeowner’s leasehold interest in the Property.

(bb) "Term" shall mean the term of this Agreement, which shall commence on the date of this Agreement and continue until forty-five (45) years thereafter.

(cc) "Transfer" has the meaning given in Section 6.1.

ARTICLE 2
REHABILITATION REQUIREMENTS

2.1 Substantial Rehabilitation. The Developer certifies that the rehabilitation of the Home satisfies the following "substantial rehabilitation" requirement under redevelopment law: the value of the rehabilitation of the Home shall constitute at least twenty-five percent (25%) of the after-rehabilitation value of the Home, inclusive of the land value, pursuant to Health and Safety Code Section 33413(b)(2)(A)(iv).

2.2 Rehabilitation Requirements. The Developer shall cause all rehabilitation of the Home to be performed in compliance with all applicable laws and governmental requirements, including (without limitation and where applicable) the following:
(a) All applicable City codes.

(b) The United States Secretary of Interior's Standards for Rehabilitation of Historic Resources, if the Home is designated as a historic property.

(c) The requirements of the Cultural Heritage Board.

(d) All building permits issued for the rehabilitation of the Home.

(e) The following requirements, if the Home contains asbestos, prior to commencing rehabilitation of the Home:

(1) The Borrower shall cause the preparation of a thorough survey of the Home for asbestos-contained material. Such survey shall be performed by a person who is properly certified by OSHA and has taken and passed an EPA-certified building inspector course.

(2) If the survey identifies building elements containing any asbestos, the Borrower shall prepare and submit to the Agency a copy of a written Asbestos Abatement Plan, describing activities and procedures for removal, handling and disposal of such building elements using the most appropriate procedures, work practices and engineering controls.

Thereupon, the Borrower shall implement any required Asbestos Abatement Plan during the rehabilitation of the Home.

(f) All laws, rules and regulations, including the employment of certified contractors, if required by any law, rule or regulation, regarding the abatement of any lead-based paint during the rehabilitation of the Home.

(g) All directions, rules, and regulations of any fire marshal, health officer, building inspector, or other officer of any governmental agency having jurisdiction.

The work of rehabilitation shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer shall be responsible to the Agency for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Property.

2.3 Commencement of Rehabilitation. The Developer shall commence the rehabilitation of the Home within six (6) months after execution of this Agreement by the Developer and the Agency.

2.4 Completion of Rehabilitation. The Developer shall diligently prosecute to completion the rehabilitation of the Home and shall complete the rehabilitation of the Home no later than twelve (12) months after commencement of the rehabilitation,
subject to extensions approved by the Agency. For purposes of this Agreement, the rehabilitation of the Home shall be deemed to be completed as determined by the Agency in its reasonable discretion.

2.5 **Section 8 Housing Quality Standard Compliance.** The Developer shall cause the rehabilitation of the Home to comply with the housing quality standards of Section 8 of the National Housing Act of 1937.

2.6 **Compliance with Applicable Law.** The Developer shall cause all work performed in connection with rehabilitation of the Home to be performed in compliance with (a) all applicable laws, ordinances, rules and regulations of federal, state, city or municipal governments or agencies now in force or that may be enacted hereafter, and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental entity now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental entity having jurisdiction, and the Developer shall be responsible to the Agency for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Property.

**ARTICLE 3**

**OBLIGATIONS DURING AND AFTER REHABILITATION**

3.1 **Applicability.** The Developer shall comply with the provisions of this Article 3 (a) for the applicable time period specified in the various sections of this Article 3, or (b) if no specified time period is set forth in a particular section, throughout the Term of this Agreement.

3.2 **Maintenance.** The Developer shall cause all portions of the Home and the Property to be well maintained and repaired in a condition reasonably acceptable to the Agency, including but not limited to cleaning, painting, plumbing, carpentry, grounds care and such other maintenance and repairs as may be necessary. If there arises a condition in contravention of this Section 3.2, and if the Developer has not cured such condition within thirty (30) days after receiving notice from the Agency of such a condition, then in addition to any other rights available to the Agency, the Agency shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the affected portion of the Home or the Property.

3.3 **Insurance.** Developer shall maintain the following insurance coverages on the Property:

(a) **Required Coverage.** The Developer, or its successor and assigns to the Property pursuant to this Agreement, shall maintain and keep in force, at the Developer's (or its successor's) sole cost and expense, the following insurance:
(1) If the Developer has employees, Worker's Compensation insurance, including Employer’s Liability coverage, with limits not less than One Million Dollars ($1,000,000) each accident, to the extent required by law.

(2) Comprehensive General Liability insurance with limits not less than One Million Dollars ($1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, and Products and Completed Operations.

(3) If the Developer owns any vehicles, Comprehensive Automobile Liability insurance with limits not less than One Million Dollars ($1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage.

(4) Builders Risk and/or Property insurance covering the Property covering all risks of loss, including earthquake (but only if it is commercially affordable at a reasonable price and with a reasonable deductible) and flood (if required), for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the City and the Agency, naming the City and the Agency as Loss Payees, as their interests may appear.

(b) **Contractor's Insurance.** The Developer shall cause any general contractor or agent working on the Home or the Property, under direct contract with the Developer to maintain insurance of the types and in at least the minimum amounts described in subsections (a)(1), (a)(2), and (a)(3) above, and shall require that such insurance shall meet all of the general requirements of subsection (c) below. Subcontractors working on the Home or the Property under indirect contract with the Developer shall be required to maintain the insurance described in subsections (a)(1), (a)(2) and (a)(3) above, except that the Comprehensive General Liability insurance limits shall not be less than One Million Dollars ($1,000,000) each occurrence combined single limit. Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the City, the Agency, and their respective council members, board members, officers, agents, and employees.

(c) **General Requirements.** The required insurance shall be provided under an occurrence form, and the Developer shall maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three (3) times the occurrence limits specified above.

Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as additional insureds the City, the Agency, and their respective council members, board members, officers, agents, and
employees. All policies and bonds shall contain (i) the agreement of the insurer to give the City and the Agency at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the City or the Agency; (iii) a provision that no act or omission of the Developer shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (d) a waiver by the insurer of all rights of subrogation against the City, the Agency, and their authorized parties in connection with any loss or damage thereby insured against.

(d) Certificates of Insurance. Upon the City's or Agency's request at any time during the Term of this Agreement, the Developer shall provide certificates of insurance, in form and with insurers reasonable acceptable to the City and the Agency, evidencing compliance with the requirements of this Section 3.3, and shall provide complete copies of such insurance policies, including a separate endorsement naming the City and the Agency as additional insureds.

The Developer must comply with the provisions of this Section 3.3 by the date of the close of escrow for the purchase of the Property from the City by the Developer.

3.4 Hazardous Materials.

(a) Certain Covenants and Agreements. The Developer hereby covenants and agrees that:

(1) The Developer shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property.

(2) The Developer shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Property or any portion thereof to be in violation of, any Hazardous Materials Laws.

(3) Upon receiving actual knowledge of the same the Developer shall immediately advise the Agency in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Property pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Property; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et
seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Laws. The Agency shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims, and to have its reasonable attorney's fees in connection therewith paid by the Developer owning such portion of the Property.

(4) Without the Agency's prior written consent, which shall not be unreasonably withheld, and which the Agency shall promptly grant or deny, the Developer shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property (other than in emergency situations or as required by governmental agencies having jurisdiction in which case the Agency agrees to provide its consent), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) **Indemnity.** Without limiting the generality of the indemnification set forth in Section 8.3 below, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the City and the Agency) the City, the Agency, and their respective council members, board members, officers, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer, or any other person or entity to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Property; (2) the presence in, on or under the Property of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Property; or (3) any activity carried on or undertaken on or off the Property, subsequent to the conveyance of the Property to the Developer, and whether by the Developer or any successor in title or any employees, agents, contractors or subcontractors of the Developer or any successor in title, or any third persons at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Property; provided, however, that the indemnification for activities undertaken off the Property shall only apply to activities undertaken by the Developer or its employees, agents, contractors or subcontractors. The foregoing indemnity shall further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.
(c) **No Limitation.** The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under subsection (b) above, are in no way limited or otherwise affected by any information the City or the Agency may have concerning the Property and/or the presence within the Property of any Hazardous Materials, whether the City or the Agency obtained such information from the Developer or from their own investigations.

3.5 **Taxes.** The Developer shall pay when due all real property taxes and assessments assessed and levied on all portions of the Property then owned by the Developer, and shall remove any levy or attachment made on the Property. The Developer may, however, contest the validity or amount of any tax, assessment, or lien on the portions of the Property the Developer owns. In the event the Developer exercises its right to contest any tax, assessment, or charge against it the Developer, on final determination of the proceedings or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

3.6 **Non-Discrimination.** The Developer covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the rehabilitation, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or the Home, nor shall the Developer or any person claiming under or through the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees or employees on the Property or the Home. The foregoing covenant shall run with the land and shall remain in effect in perpetuity.

**ARTICLE 4**
**SALE OF THE HOME**

4.1 **Agency Approval of Developer Documents.**

(a) **Purchase and Sale Agreement.** Within ninety (90) days after the execution of this Agreement, the Developer shall submit a proposed form Purchase and Sale Agreement to the Agency for its approval. The Purchase and Sale Agreement must be consistent with the terms of this Agreement and must require the Homeowner to enter into a Resale Restriction Agreement with the Agency, consistent with the terms of Article 5 below. Within fifteen (15) days after receipt by the Agency of the proposed Purchase and Sale Agreement, the Agency shall review the proposed Purchase and Sale Agreement and approve or disapprove it. If the proposed Purchase and Sale Agreement is not approved by the Agency, then the Agency shall notify the Developer in writing of the reasons for disapproval. The Developer shall thereafter submit to the Agency a revised proposed Purchase and Sale Agreement within thirty (30) days of the notification.
of disapproval. The Agency shall approve or disapprove the revised proposed Purchase and Sale Agreement within fifteen (15) days of receipt. If the Agency disapproves the revised proposed Purchase and Sale Agreement, then the Developer shall have thirty (30) days to submit a further revised Purchase and Sale Agreement. The periods for submission of a revised Purchase and Sale Agreement, review and approval or disapproval shall continue to apply until a Purchase and Sale Agreement has been approved by the Agency; however, a Purchase and Sale Agreement must be approved by the Agency no later than the substantial completion of the rehabilitation of the Home.

(b) Ground Lease. Within ninety (90) days after the execution of this Agreement, the Developer shall submit a proposed Ground Lease to the Agency. Within fifteen (15) days after receipt by the Agency of the proposed Ground Lease, the Agency shall review the proposed Ground Lease and approve or disapprove it. The Agency’s review of the proposed Ground Lease shall consist of determining if the terms contained in the Ground Lease: (1) provide for sufficient enforcement mechanisms of the affordability requirements of this Agreement; and (2) are consistent with the terms of this Agreement.

If the proposed Ground Lease is not approved by the Agency, then the Agency shall notify the Developer in writing of the reasons for disapproval. The Developer shall thereafter submit to the Agency a revised proposed Ground Lease within thirty (30) days of the notification of disapproval. The Agency shall approve or disapprove the revised proposed Ground Lease within fifteen (15) days of receipt. If the Agency disapproves the revised proposed Ground Lease, then the Developer shall have thirty (30) days to submit a further revised Ground Lease. The periods for submission of a revised Ground Lease, review and approval or disapproval shall continue to apply until a Ground Lease has been approved by the Agency; however, a Ground Lease must be approved by the Agency no later than the substantial completion of the rehabilitation of the Home.

4.2 Good Faith Effort to Advertise the Home. The Developer shall make a good faith effort to advertise the sale of the Home to a Lower Income Household, including listing the Home on a Multiple Listing Service.

4.3 Sale of the Home. Within ninety (90) days of the completion of the rehabilitation of the Home, the Developer shall enter into the Purchase and Sale Agreement, as approved by the Agency in accordance with Section 4.1(a), with a Lower Income Household for the sale of the Home at the Affordable Housing Price, as determined by the Agency.

4.4 Execution of Resale Restriction Agreement. As a condition of purchase of the Home, the Homeowner shall be required to execute the Resale Restriction Agreement, which will be recorded against the Homeowner’s leasehold interest in the Property at the time of the conveyance of the Home. The Resale Restriction Agreement shall contain, at a minimum, the provisions, conditions, and restrictions in Article 5 below.
4.5 **Agency Option to Purchase Property.** In the event of a Developer default under this Agreement, which has not been cured under the applicable cure period, the Agency shall have an option to purchase the Property at its fair market value at that time. The Agency may exercise its option to purchase the Property by delivering to the Developer a notice of intent to exercise the option within ninety (90) days after the expiration of the applicable cure period after the Agency has notified the Developer of its default. If the Agency delivers to the Developer a notice of intent to exercise its option to purchase the Property, then the Agency shall purchase the Property through an escrow to close no later than ninety (90) days after the delivery to the Developer of the Agency’s notice of intent to exercise the Agency’s option to purchase the Property. The Agency may assign this option to the Homeowner in its sole discretion.

**ARTICLE 5**

**RESTRICTIONS**

The Developer is responsible under this Agreement for causing the Homeowner's compliance with the requirements of this Article 5. The Resale Restriction Agreement, which shall be executed by and between the Agency and the Homeowner upon the sale of the Home from the Developer to the Homeowner, shall contain the provisions in this Article 5.

5.1 **Homeowner Occupancy.** The Homeowner must occupy the home as the Homeowner's principal place of residence. The Homeowner shall certify on an annual basis that the Homeowner occupies the Home as the Homeowner's principal place of residence. The Homeowner shall be considered as occupying the Home if the Homeowner lives in the Home for at least ten (10) months of each calendar year.

5.2 **Leasing of Home.** The Homeowner shall not lease the Home to another party.

5.3 **Maintenance and Insurance Requirements.**

(a) The Homeowner shall maintain the Home, including landscaping, in good repair and in a neat, clean and orderly condition (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Homeowner will not commit waste or permit deterioration of the Home, and shall make all repairs and replacements necessary to keep the Home in good condition and repair.

(b) The Homeowner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home (adjusted every five (5) years by appraisal, if requested by the Agency), naming the Agency, the City and their
employees, agents, officers, board members and/or council members as additional
insureds.

5.4 Restrictions on Resale or Homeowner Transfer of Home. Any
Homeowner Transfer of the Home will be subject to the provisions of this Article 5
including, without limitation, the Agency option to purchase the Home described in
Section 5.6 below. All Homeowner Transfers shall require written notice to the Agency
pursuant to Section 5.5 below. Consideration received by the Homeowner for such
Homeowner Transfer shall not exceed the Affordable Housing Price.

5.5 Notice of Intended Homeowner Transfer. In the event the Homeowner
intends to Homeowner Transfer or vacate the Home, the Homeowner shall promptly give
the Agency written notice of such intent.

5.6 Agency Option to Purchase Home. If the Homeowner intends or attempts
to make a Homeowner Transfer, the Agency shall have the option to purchase the Home
for the Affordable Housing Price, assuming an Eligible Purchaser with an Adjusted
Income equal to the maximum income to qualify as a Lower Income Household and
assuming a three-member household. The Agency may exercise its option to purchase
the Home by delivering to the Homeowner a notice of intent to exercise the option within
ninety (90) days after the Agency becomes aware of the Homeowner's attempt or
intention to Homeowner Transfer the Home. If the Agency delivers to the Homeowner a
notice of intent to exercise its option to purchase the Home, then the Homeowner shall
sell the Home to the Agency through an escrow to close no later than ninety (90) days
after the delivery to the Homeowner of the Agency's notice of intent to exercise the
Agency's option to purchase the Home. The Agency may, instead of purchasing the
Home itself, assign its right to purchase the Home to another public agency, a nonprofit
corporation, or to an Eligible Purchaser.

5.7 Sale of Home to Eligible Purchaser.

If the Agency does not exercise its option to purchase the Home, the Homeowner
must sell the Home to an Eligible Purchaser, as defined by this Section 5.7. A proposed
purchaser shall qualify as an "Eligible Purchaser" if he or she meets the following
requirements, as determined by the Agency or its designee:

(a) Intent to Homeowner Occupy. The proposed purchaser shall
certify that he or she will occupy the Home as his or her principal place of residence
throughout his or her ownership.

(b) Agreement to Sign Resale Restriction Agreement and to
Cooperate with Agency. The proposed purchaser shall agree to sign a resale restriction
agreement restricting future resale of the Home and shall agree to cooperate fully with
the Agency in promptly providing all information requested by the Agency to assist the
Agency in monitoring the proposed purchaser's compliance with the resale restriction
agreement.
(c) **Income Eligibility.** The combined gross income for all household members of the proposed purchaser, as determined by the Agency, does not exceed the qualifying limit for Lower Income Households.

(d) **Affordable Housing Price.** The purchase price for the sale of the Home by the Homeowner to the Eligible Purchaser shall not exceed the Affordable Housing Price calculated by the Agency.

5.8 **Indemnity.** Homeowner agrees to defend, indemnify, and hold the Agency the City, and their agents, employees, officers, council members, and board members harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorneys fees that the Agency, City, or such persons may incur as a direct or indirect consequence of: (1) Homeowner's default, performance, or failure to perform any obligations as and when required by this Agreement; or (2) the failure at any time of any of Homeowner's representations to the Agency to be true and correct.

5.9 **Term of Restrictions.** All the provisions of this Article, including the benefits and burdens, run with the Home and this Agreement shall bind, and the benefit hereof shall inure to, the Homeowner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the Agency and its successors, until forty-five (45) years from the date of the issuance of the certificate of occupancy for rehabilitation of the Home pursuant to this Agreement.

5.10 **Nondiscrimination.** The Homeowner covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Home, nor shall the Homeowner or any person claiming under or through the Homeowner establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Home. The foregoing covenant shall run with the land.

5.11 **Homeowner Education.** Within ninety (90) days after the execution of this Agreement, the Developer shall submit a proposed Homeowner Education Plan to the Agency. The proposed Homeowner Education Plan shall incorporate a program certified by either the United States Department of HUD or the American Homeowner Education and Counseling Training Institute and shall include a minimum of eight hours of classes. Within fifteen (15) days after receipt by the Agency of the proposed Homeowner Education Plan, the Agency shall review the proposed Homeowner Education Plan and approve or disapprove it. The Agency's review of the proposed Homeowner Education Plans shall consist of determining if the terms contained in the Homeowner Education Plan: (1) meet the requirements set forth in this Section 5.12; (2) provide for an explanation of the Ground Lease; and (3) are consistent with the terms of this Agreement.
If the proposed Homeowner Education Plan is not approved by the Agency, then the Agency shall notify the Developer in writing of the reasons for disapproval. The Developer shall thereafter submit to the Agency a revised proposed Homeowner Education Plan within thirty (30) days of the notification of disapproval. The Agency shall approve or disapprove the revised proposed Homeowner Education Plan within fifteen (15) days of receipt. If the Agency disapproves the revised proposed Homeowner Education Plan, then the Developer shall have thirty (30) days to submit a further revised Homeowner Education Plan. The periods for submission of a revised Homeowner Education Plan, review and approval or disapproval shall continue to apply until a Homeowner Education Plan has been approved by the Agency; however, a Homeowner Education Plan must be approved by the Agency no later than six (6) months after the Execution Date.

ARTICLE 6
ASSIGNMENT AND TRANSFERS

6.1 Definitions. As used in this Article 7, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode of form, of or with respect to this Agreement or of the Property or any part thereof or any interest therein or of the Home constructed thereon, or any contract or agreement to do any of the same;

(b) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in the Developer or any shareholder in the Developer, or any contract or agreement to do any of the same; or

(c) Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer.

6.2 Purpose of Restrictions on Transfer. This Agreement is entered into solely for the purpose of development and operation of the Home on the Property and its subsequent use in accordance with the terms of this Agreement. The qualifications and identity of the Developer are of particular concern to the Agency, in view of:

(a) The importance of the development of the Property to the general welfare of the community; and

(b) The fact that a Transfer as defined in Section 6.1 above is for practical purposes a transfer or disposition of the Property.

It is because of the qualifications and identity of the Developer that the Agency is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.
6.3 **Prohibited Transfers.** The limitations on Transfers set forth in this Section 6.3 shall apply from the date of this Agreement until the end of the Term. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law, without the prior approval of the Agency. Any Transfer made in contravention of this Section 6.3 shall be void and shall be deemed to be a default under this Agreement, whether or not the Developer knew of or participated in such Transfer.

6.4 **Permitted Transfers.** Notwithstanding the provisions of Section 6.3, the following Transfers shall be permitted (subject to satisfaction of the conditions of Section 6.5):

(a) Any Transfer creating a Security Financing Interest against the Property, but not including a Transfer creating a Security Financing Interest against the Home.

(b) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest.

(c) The sale of a Home to a Homeowner in accordance with Article 5.

(d) Any other Transfer approved by the Agency in the Agency's sole discretion. The Agency shall grant or deny approval of a proposed Transfer under this subsection (d) within thirty (30) days of receipt by the Agency of the Developer's request for approval of a Transfer, which request shall include evidence of the proposed transferee's business expertise and financial capacity.

6.5 **Effectuation of Permitted Transfers.**

(a) No Transfer otherwise authorized or approved pursuant to Section 6.4(c) or Section 6.4(d), shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the Agency and in form recordable among the Official Records of the County of San Joaquin, expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Home conveyed in such Transfer. Anything to the contrary notwithstanding, the holder of a Security Financing Interest whose interest shall have been acquired by, through or under a Security Financing Interest or shall have been derived immediately from any holder thereof shall not be required to give to Agency such written assumption until such holder or other person is in possession of the Property, or entitled to possession thereof pursuant to enforcement of the Security Financing Interest.
(b) In the absence of specific written agreement by the Agency, or as otherwise provided herein, no such Transfer, assignment or approval by the Agency shall be deemed to relieve the Developer or any other party from any obligations under this Agreement.

ARTICLE 7
SECURITY FINANCING AND RIGHTS OF HOLDERS

7.1 No Encumbrances Except with Agency Approval. The Developer may place mortgages, deeds of trust, or other reasonable methods of security on the Property only for the purpose of securing rehabilitation loans and permanent financing approved by the Agency as part of the approved Financing Plan. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests." The Developer shall promptly notify the Agency of any Security Financing Interest that has been or will be created or attached to the Property.

7.2 Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such rehabilitation or completion; nor shall any covenant or any other provision in conveyances from the Agency to the Developer evidencing the reality comprising the Property or any part thereof be construed so to obligate such holder. However, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

7.3 Notice of Default and Right to Cure. Whenever the Agency delivers any notice or demand to the Developer with respect to the commencement, completion, or cessation of the rehabilitation of the Home, the Agency shall at the same time deliver to each holder of record of any Security Financing Interest creating a lien upon the Property or any portion thereof a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, but not the obligation, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach affecting the affected portion of the Property which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the rehabilitation or completion of the Home (beyond the extent necessary to conserve or protect such improvements or rehabilitation already made) without first having expressly assumed in writing the Developer's obligations to the Agency relating to the Home under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Home.

7.4 Failure of Holder to Complete Rehabilitation of Home. In any case where six (6) months after default by the Developer in completion of rehabilitation of the Home
under this Agreement, the holder of record of any Security Financing Interest, having
first exercised its option to construct, has not proceeded diligently with rehabilitation, the
Agency shall be afforded those rights against such holder it would otherwise have
against the Developer under this Agreement.

7.5 **Right of Agency to Cure.** In the event of a default or breach by the
Developer of a Security Financing Interest prior to the completion of the rehabilitation of
the Home to which the Security Financing Interest applies, and if the holder has not
exercised its option to complete the rehabilitation of the Home, the Agency may, upon
prior written notice to the Developer, cure the default, prior to the completion of any
foreclosure. In such event the Agency shall be entitled to reimbursement from the
Developer of all costs and expenses incurred by the Agency in curing the default. The
Agency shall also be entitled to a lien upon the Property to the extent of such costs and
disbursements. The Agency agrees that such lien shall be subordinate to any Security
Financing Interest, and the Agency shall execute from time to time any and all
documentation reasonably requested by the Developer to effect such subordination.

7.6 **Right of Agency to Satisfy Other Liens.** After the Closing and after the
Developer has had a reasonable time to challenge, cure, or satisfy any liens or
encumbrances on the Property or any portion thereof, and has failed to do so, in whole or
in part, the Agency shall, upon prior written notice to the Developer, have the right to
satisfy any such lien or encumbrances; provided, however that nothing in this Agreement
shall require the Developer to pay or make provision for the payment of any tax,
assessment, lien or charge so long as the Developer in good faith shall contest the
validity or amount therein and so long as such delay in payment shall not subject the
Property or any portion thereof to forfeiture or sale.

7.7 **Holder to be Notified.** To the extent deemed necessary by the Agency,
the Developer shall insert each term contained in this Article 7 into each Security
Financing Interest or shall procure acknowledgement of such terms by each prospective
holder of a Security Financing Interest prior to its coming into any security right or
interest in the Property or portion thereof.

7.8 **Modifications.** If a holder of a Security Financing Interest should, as a
condition of providing financing for development of all or a portion of the Home, request
any modification of this Agreement in order to protect its interests in the Home or this
Agreement, the Agency shall consider such request in good faith consistent with the
purpose and intent of this Agreement and the rights and obligations of the Parties under
this Agreement.

**ARTICLE 8**
**GENERAL PROVISIONS**

8.1 **Notices, Demands and Communications.** Formal notices, demands, and
communications between the Parties and the shall be sufficiently given if, and shall not
be deemed given unless, delivered personally, or dispatched by certified mail, return receipt requested, or reputable overnight delivery service with a receipt showing date of delivery, to the principal offices of the parties and the as follows:

Agency: Redevelopment Agency of the
City of Stockton
425 North El Dorado Street, 3rd Floor
Stockton, CA 95202
Attn: Director

Developer: Stockton Community Land Trust
1330 W. Robinhood Drive, Suite G
Stockton, CA 95207
Attn: George Moton

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 8.1. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

If failure to respond to a specified notice, request, demand or other communication within a specified period would result in a deemed approval, a conclusive presumption, a prohibition against further action or protest, or other adverse result under this Agreement, the notice, request, demand or other communication shall state clearly and unambiguously on the first page, with reference to the applicable provisions of this Agreement, that failure to respond in a timely manner could have a specified adverse result.

8.2 **Non-Liability of Officials, Employees and Agents.** No member, official, employee or agent of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of an Agency default.

8.3 **Indemnification.** The Developer agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Agency) the City, the Agency, their board members, council members, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Developer's employees, agents, contractors and consultants performance or non-performance under this Agreement, or any other agreement executed pursuant to this Agreement, except as caused by the City's or Agency's willful misconduct or gross negligence.

8.4 **Time of the Essence.** Time is of the essence in this Agreement.

8.5 **Excusable Delay.** In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires,
quarantine restrictions, freight embargoes, lack of transportation, court order, or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the rehabilitation of the Home) beyond the control or without the fault of the Party claiming an extension of time to perform. The extension of time for any cause shall be for a period from the date of receipt by the non-claiming Party of a written notice of the extension from the Party claiming the extension until the date that the cause for the extension no longer exists or is no longer applicable.

8.6 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any of its provisions.

8.7 Applicable Law. This Agreement shall be interpreted under the laws of the State of California.

8.8 Severability. If any term of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, then the remaining terms shall continue in full force unless the rights and obligations of the Parties have been materially altered by such holding of invalidity.

8.9 Legal Actions. If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (and any subsequent action or proceeding to enforce any judgment entered pursuant to an action on this Agreement)

8.10 Binding Upon Successors; Covenants to Run With Land. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the parties. However, there shall be no Transfer by the Developer except as permitted in Article 6. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such party who has acquired an interest in compliance with the terms of this Agreement or under law.

The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the Agency expressly releases the Property from the requirements of this Agreement.

8.11 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.
8.12 **Provisions Not Merged With Grant Deed.** None of the provisions of this Agreement shall be merged by the Grant Deed or any other instrument transferring title to any portion of the Property, and neither the Grant Deed nor any other instrument transferring title to any portion of the Property shall affect this Agreement.

8.13 **Entire Understanding of the Parties.** This Agreement (including the exhibits to this Agreement) constitutes the entire understanding and agreement of the Parties with respect to the conveyance of the Property and the rehabilitation of the Home.

8.14 **Approvals.**

(a) Whenever any approval, notice, direction, consent, request, extension of time, waiver of condition, termination, or other action by the Agency is required or permitted under this Agreement, such action may be given, made, or taken by the Agency Executive Director, without further approval by the Agency Board, and any such action shall be in writing. The Agency hereby authorizes the Agency's Executive Director to take the actions described above, as determined appropriate by the Executive Director, on behalf of the Agency.

(b) All approvals under this Agreement shall be subject to a reasonableness standard, except where a sole discretion standard is specifically provided.

8.15 **Representations and Warranties by Developer.** The Developer represents and warrants to the Agency as of the date first written above as follows:

(a) **Organization.** The Developer is a nonprofit public benefit corporation, duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) **Authorization.** The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms. Prior to the execution of this Agreement, the Developer shall provide the Agency with certified copies of corporate authorizing resolutions, approving this Agreement.

(c) **No Conflict.** The execution, delivery and performance of this Agreement by the Developer does not and will not conflict with, or constitute a violation of breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.
(d) **No Litigation.** Unless otherwise disclosed in writing to the Agency prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative Agency affecting the Developer that would, if adversely determined, materially and adversely affect the Developer or the Developer's ability to perform its obligations under this Agreement or to rehabilitate the Home.

(e) **No Material Adverse Change.** There has been no material adverse change in the financial condition of the Developer since the date of this Agreement.

(f) **Default Under Other Agreements.** There is no event, act or omission which constitute, or but for the passage of time or the giving of notice, or both, would constitute a breach, violation or default under any agreement materially related to the rehabilitation of the Home.

Until the expiration or earlier termination of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 8.15 not to be true, immediately give written notice of such fact or condition to the Agency. Upon the Developer's Transfer, as approved by the Agency in accordance with Article 6, the Developer shall cause the Developer's assignee to update the representations and warranties set forth above.

8.16 **Amendments.** The Parties can amend this Agreement only by means of a writing signed by the Parties.

8.17 **Waiver of Terms and Conditions.** The Agency may at waive in writing any of the terms and conditions of this Agreement without the Developer completing an amendment to this Agreement. No waiver of any default or breach by the Developer hereunder shall be implied from any omission by the Agency to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the Agency to or of any act by the Developer requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done pursuant to notice of default, or prejudice the Agency in the exercise of any right, power, or remedy hereunder or under this Agreement, unless in the exercise of any such right, power, or remedy all obligations of the Developer to Agency are paid and discharged in full.

8.18 **Multiple Originals; Counterparts.** This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.
8.19 **Recordation.** A memorandum of this Agreement, in a form acceptable to the Parties, shall be recorded against the Property in the Official Records of San Joaquin County.
IN WITNESS WHEREOF, Agency and Developer have executed this Agreement by duly authorized representatives, all on the date first written above.

DEVELOPER:

APPROVED AS TO FORM:

By: ______________________
Counsel For Borrower

By: ______________________
Printed Name:
Its:

AGENCY:

APPROVED AS TO FORM:

RICHARD E. NOSKY, JR.
CITY ATTORNEY

By: ______________________
DEPUTY CITY ATTORNEY, Agency Counsel

By: ______________________
MARK E. LEWIS, ESQ.
EXECUTIVE DIRECTOR

ATTEST:

By: ______________________
KATHERINE GONG MEISSNER
Agency Secretary
On ____________, 2004, before me, the undersigned, a Notary Public, personally appeared ________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

__________________________________________

On ____________, 2004, before me, the undersigned, a Notary Public, personally appeared ________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

__________________________________________
EXHIBIT A

Legal Description of the Property

The following real property situated in San Joaquin County, California, describing the land therein:

LOT 9 IN BLOCK 36 WEST OF CENTER STREET ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF.
EXHIBIT B
Fair Market Value of the Property

MEMORANDUM

December 2, 2004

TO: Yvonne Quiring, Deputy Director

FROM: Joe Mulligan, Real Property Agent

SUBJECT: ESTIMATE OF AS-IS VALUE – 114 WEST PARK STREET

Per your request, I have estimated the as-is value of the above-referenced real property.

This estimate is based on the subject property consisting of a 2 bedroom/1 bath single-family dwelling with approximately 1222 square feet on a 5000 square foot lot. The property appears to be in poor condition based on my drive-by inspection and the “Description of Work to be Performed” report that was completed on 8/20/03.

I considered the cost of repairs from the report in my evaluation. A “walk-through” inspection of the subject property was not conducted. I have performed a drive-by inspection of the comparable sales and made adjustments for condition, size, amenities, and location.

The estimated as-is value of the subject property, as of November 23, 2004, is $80,000.

JOE MULLIGAN
REAL PROPERTY AGENT

JM

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AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

This AGREEMENT made and entered into on ____________________ by and between STOCKTON COMMUNITY LAND TRUST, a California non-profit corporation, hereinafter called "Buyer", and THE CITY OF STOCKTON, a municipal corporation in the County of San Joaquin, State of California, hereinafter called "Seller".

WITNESSES THAT:

IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Seller agrees to sell and grant fee title to Buyer, and Buyer agrees to purchase from Seller, that certain real property, "the Property," located in the City of Stockton, County of San Joaquin, State of California, and described as follows:

   Lot 9, in Block 36, West of Center Street,
   according to the official Map or Plat thereof;

   in its "as is" condition, upon the terms and conditions set forth in this Agreement subject to those liens, encumbrances, conditions, restrictions, easements, and rights of possession of record.

2. The total purchase price for said Property shall be the sum of EIGHTY THOUSAND DOLLARS ($80,000.00). Buyer agrees to accept the Property in its present "as is" condition based upon Buyer's own independent investigation of the Property and Buyer's own independent investigation of the condition of title. The Property is being sold in its present condition and the Seller makes no representation or warranty as to its condition or to its suitability for present or future uses.

3. Cost of title insurance, if desired, shall be paid by Buyer. Cost of documentary transfer taxes, if any, shall be paid by Seller.

4. Taxes, assessments, penalties, interest charges, delinquency charges, and municipal service charges of every kind levied upon or assessed against the Property, except as otherwise expressly set forth, shall be paid by Seller to the date of recording.

5. For the purpose of conveying the herein described fee title to Buyer, Seller shall execute, acknowledge and deliver a Grant Deed, for recordation with the San Joaquin County Recorder, to be used in accordance with this Agreement, upon receipt of the purchase price and meeting all conditions of this Agreement.

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6. Seller may retain possession of the Property to the date of recording said Grant Deed and Buyer shall be entitled to possession not later than the date of recording said deed. Seller shall be entitled to all rents accruing from the Property up to and including date of recording said deed, and after said date, Buyer shall be entitled to said rents.

7. The parties understand and agree that any and all loss or damage to the Property or any existing improvements occurring prior to the recording of the Grant Deed shall be at the risk of Seller and any and all loss or damage to the Property or any existing improvements occurring after the recording of the Grant Deed shall be at the risk of Buyer.

8. Buyer shall, upon request by Seller, execute, acknowledge and deliver such documents or take such action as may be necessary or convenient to carry out the spirit and intent of this Agreement.

9. Any notice which either party may or is required to give shall be in writing and given by personal delivery or mailing same by certified mail, return receipt requested, postage prepaid, to the other party at the address shown below or at such other place as may be designated by the parties from time to time, and any notice so mailed shall be deemed received on the third day after mailing.

Buyer's address:  Stockton Community Land Trust
1330 Robinhood Drive, Suite G
Stockton, Ca 95207

Seller's address:  City of Stockton
425 N. El Dorado Street
Stockton, CA 95202
Attn: City Manager

10. Time is of the essence of this Agreement.

11. This Agreement is subject to final approval of the City Council of the City of Stockton.

12. If suit should be brought for any sum due or the enforcement or declaration of any obligation or right hereunder, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fees.

13. This Agreement shall bind and inure to the benefit of the parties and their respective successors, heirs, executors, administrators and assigns.

14. This agreement represents the entire and integrated agreement between Seller and Buyer and supersedes all prior negotiations, representations, or agreements, either written or oral. This agreement may be amended only by written instrument signed by Seller and Buyer.
15. The undersigned represent and warrant they are duly authorized to execute the Agreement and to bind the parties.

DATED: __________________________

BUYER'S ATTORNEY:
By: __________________________

"BUYER"
STOCKTON COMMUNITY LAND TRUST
By: __________________________
Printed Name: __________________
Its: __________________________

"SELLER"
CITY OF STOCKTON
By: __________________________
MARK LEWIS, CITY MANAGER

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY
By: __________________________
DEPUTY CITY ATTORNEY
Resolution No. __________________

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING (1) THE SALE AND CONVEYANCE, VIA A GRANT DEED, OF EXCESS REAL PROPERTY OWNED BY THE CITY OF STOCKTON AND LOCATED AT 114 WEST PARK STREET, TO STOCKTON COMMUNITY LAND TRUST, A CALIFORNIA NON-PROFIT CORPORATION, AS MORE PARTICULARLY DESCRIBED HEREAFTER AND (2) THE FILING OF A NOTICE OF EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. It is hereby determined that property owned by the City of Stockton ("City") and located at 114 W. Park Street in Stockton ("Property") is excess City property that is no longer needed for City business.

2. It is hereby declared that notice of the intention to sell or dispose of City owned property, as more particularly described, was duly published in accordance with the provisions of Article V, section 510 of the Charter of the City.

3. The City is hereby authorized to sell and convey via a grant deed to STOCKTON COMMUNITY LAND TRUST, a California non-profit corporation ("Buyer") the Property as more particularly described in the "Agreement for Purchase and Sale," attached as Exhibit "A" and incorporated by this reference, and settle all costs of every kind and description resulting from the sale and conveyance of said interest in real property to Buyer.

4. The total selling price of the Property is the sum of Eighty Thousand Dollars ($80,000.00).

5. The cost to record the Grant Deed and the documentary transfer tax shall be paid by the Buyer.

6. The Mayor of the City is hereby authorized to execute the deed and/or other instrument of conveyance, as provided in the Agreement, and the Mayor and/or City Manager is hereby authorized to execute the Agreement and any other documents necessary to carry out the purposes hereof.

7. In accordance with Government Code section 65402, it has been determined that this activity/project has been determined to conform with the City's General Plan designation.

CITY REVIEW __________________
DATE DECEMBER 6, 2004

8. This sale is categorically exempt under the California Environmental Quality Act (CEQA) Guidelines (section 15301) as specified in the Notice of Exemption.

9. The filing of a Notice of Exemption under CEQA Guidelines is hereby approved.

PASSED, APPROVED AND ADOPTED ________________________________

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

This AGREEMENT made and entered into on ______________________ by and between STOCKTON COMMUNITY LAND TRUST, a California non-profit corporation, hereinafter called "Buyer", and THE CITY OF STOCKTON, a municipal corporation in the County of San Joaquin, State of California, hereinafter called "Seller".

WITNESSES THAT:

IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Seller agrees to sell and grant fee title to Buyer, and Buyer agrees to purchase from Seller, that certain real property, "the Property," located in the City of Stockton, County of San Joaquin, State of California, and described as follows:

   Lot 9, in Block 36, West of Center Street, according to the official Map or Plat thereof;

   in its "as is" condition, upon the terms and conditions set forth in this Agreement subject to those liens, encumbrances, conditions, restrictions, easements, and rights of possession of record.

2. The total purchase price for said Property shall be the sum of EIGHTY THOUSAND DOLLARS ($80,000.00). Buyer agrees to accept the Property in its present "as is" condition based upon Buyer's own independent investigation of the Property and Buyer's own independent investigation of the condition of title. The Property is being sold in its present condition and the Seller makes no representation or warranty as to its condition or to its suitability for present or future uses.

3. Cost of title insurance, if desired, shall be paid by Buyer. Cost of documentary transfer taxes, if any, shall be paid by Seller.

4. Taxes, assessments, penalties, interest charges, delinquency charges, and municipal service charges of every kind levied upon or assessed against the Property, except as otherwise expressly set forth, shall be paid by Seller to the date of recording.

5. For the purpose of conveying the herein described fee title to Buyer, Seller shall execute, acknowledge and deliver a Grant Deed, for recordation with the San Joaquin County Recorder, to be used in accordance with this Agreement, upon receipt of the purchase price and meeting all conditions of this Agreement.

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EXHIBIT "A"
6. Seller may retain possession of the Property to the date of recording said Grant Deed and Buyer shall be entitled to possession not later than the date of recording said deed. Seller shall be entitled to all rents accruing from the Property up to and including date of recording said deed, and after said date, Buyer shall be entitled to said rents.

7. The parties understand and agree that any and all loss or damage to the Property or any existing improvements occurring prior to the recording of the Grant Deed shall be at the risk of Seller and any and all loss or damage to the Property or any existing improvements occurring after the recording of the Grant Deed shall be at the risk of Buyer.

8. Buyer shall, upon request by Seller, execute, acknowledge and deliver such documents or take such action as may be necessary or convenient to carry out the spirit and intent of this Agreement.

9. Any notice which either party may or is required to give shall be in writing and given by personal delivery or mailing same by certified mail, return receipt requested, postage prepaid, to the other party at the address shown below or at such other place as may be designated by the parties from time to time, and any notice so mailed shall be deemed received on the third day after mailing.

Buyer's address: Stockton Community Land Trust 1330 Robinhood Drive, Suite G Stockton, Ca 95207

Seller's address: City of Stockton 425 N. El Dorado Street Stockton, CA 95202 Attn: City Manager

10. Time is of the essence of this Agreement.

11. This Agreement is subject to final approval of the City Council of the City of Stockton.

12. If suit should be brought for any sum due or the enforcement or declaration of any obligation or right hereunder, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fees.

13. This Agreement shall bind and inure to the benefit of the parties and their respective successors, heirs, executors, administrators and assigns.

14. This agreement represents the entire and integrated agreement between Seller and Buyer and supersedes all prior negotiations, representations, or agreements, either written or oral. This agreement may be amended only by written instrument signed by Seller and Buyer.
15. The undersigned represent and warrant they are duly authorized to execute the Agreement and to bind the parties.

DATED: ____________________

"BUYER"

STOCKTON COMMUNITY LAND TRUST

By: _________________________

Printed Name: _________________________

Its: _________________________

"SELLER"

CITY OF STOCKTON

By: _________________________

MARK LEWIS, CITY MANAGER

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By: _________________________

DEPUTY CITY ATTORNEY
STOCKTON REDEVELOPMENT AGENCY

A RESOLUTION APPROVING A REGULATORY AGREEMENT, OPTION AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("AGREEMENT") BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON ("CITY") AND STOCKTON COMMUNITY LAND TRUST, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION ("DEVELOPER") FOR THE REHABILITATION OF 114 WEST PARK STREET ("PROPERTY")

WHEREAS, the Redevelopment Agency has determined it is necessary and appropriate to retain the supply of housing and promote other housing opportunities affordable to lower-income families of the City of Stockton; and

WHEREAS, the Redevelopment Agency believes that the development of the property at 114 West Park Street (the "Project") pursuant to the Agreement, and fulfillment of the terms of the Agreement are in the best interests of City and the health, safety and welfare of its residents, and in accordance with the public purposes and provisions of the applicable state and federal laws and requirements under which the Project has been undertaken and is being assisted; now, therefore,

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the Regulatory Agreement, Option Agreement and Declaration of Restrictive Covenants between the Redevelopment Agency of the City of Stockton and Stockton Community Lane Trust, is hereby approved.

2. That the Executive Director is authorized and directed to take whatever actions are necessary and appropriate to allow the rehabilitation of Project as conditioned for in the Agreement.

3. That the Executive Director is hereby authorized and directed to execute those documents necessary to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED ____________________________.

ATTEST:

GARY A. PODESTO, Chairperson
Redevelopment Agency of the City of Stockton

KATHERINE GONG MEISSNER
Secretary, Redevelopment Agency of the City of Stockton

CITY ATTY REVIEW

DATE DEC 8 2004