

LYON
CAPITAL
VENTURES

July 14, 2008

Mr. James Lindsay
Planning and Neighborhood Services Director
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035-5411

RE: CENTRIA WEST REGULATORY AGREEMENT

Dear James:

As you are aware, Lyon Capital Ventures, LLC (Lyon) is in escrow to purchase the Centria West project from DR Horton. It is anticipated that the transaction will close in August 2008.

It is Lyon's intention to obtain a new Regulatory Agreement for Centria West which acknowledges Lyon as the new owner of the site for purposes of developing and operating "rental" condominiums. At this time, Lyon intends to construct 327 condominium units on Centria West, consistent with what was designed by DR Horton and approved by the City of Milpitas.

In accordance with the existing DR Horton Regulatory Agreement, Lyon will develop 67 Below Market Rate (BMR) units (or 20% of the total units in Centria West) that will consist of 15 "Very Low," 3 "Low" and 49 "Moderate" units. At this time, Lyon is accepting the dispersement plan for BMR units that the City of Milpitas approved for DR Horton. Also, Lyon is not currently requesting any financial assistance from the Redevelopment Agency's "Low-Mod Funds." However, it is contemplated at a later date (after Lyon takes ownership of the project) that a modified dispersement plan and financial assistance will be requested by Lyon and outlined in an Owner Participation Agreement.

Per the request of the City of Milpitas, the following additional Lyon background information and structure is provided:

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**Lyon Apartment Companies
Ownership and Financial Structure**

Lyon Apartment Companies (the "Company) operates 3 corporate entities; Lyon Management Group, Inc, Lyon Realty Advisors, LLC and Lyon Capital Ventures, LLC. All three entities are owned by General William Lyon and Frank Suryan. These companies are responsible for all aspects of the 14,133 units owned and managed by Lyon and all other activities undertaken by the Company including acquisition and disposition of assets, construction, development, management and all financings of debt and equity. All three entities were founded in 1988 and have over 20 years of operating history.

The corporate entities recognize fee revenue from the activities mentioned above and pay all salaries and expenses of the Company. Each of the past three years, fees have totaled close to \$15 million per year. The Company has reported losses in certain years due to the timing of projects and collection of fees, which is reported on a cash basis. See attached Operating Statement Summary.

As mentioned above, the companies are owned by General Lyon and Frank Suryan, whom both have significant net worth to sustain current operations and fuel future growth, as well as significant ownership in over 13,000 units currently owned by Lyon. As shown in the attached Portfolio Analysis, Lyon's Portfolio has a current market value of over \$1.8 billion and close to \$600 million in equity (\$400 million owned by the Lyon Partners).

Proposed Transaction Structure

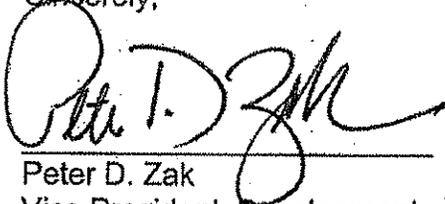
Lyon contemplates purchasing, constructing, and operating the Project through a special purposes limited liability company. It is anticipated that this special purpose entity will be capitalized by General William Lyon and Frank Suryan, and a substantial institutional grade equity partner. In addition, the special purpose entity will procure debt financing to assist in the development of the project. The completion of the project will be guaranteed by one or more guarantors that have substantial assets as this will be required by Lyon's equity partner and lender.

Lyon is currently constructing two projects purchased from the Redevelopment Agency of Long Beach, California under substantially similar structures as contemplated for the purchase of the DR Horton project. The construction of these projects has proven successful (see attached letter from Craig Beck, Director of Development Services for the City of Long Beach, CA).

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Please do not hesitate to contact me if you have any further questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter D. Zak", written over a horizontal line.

Peter D. Zak
Vice President, Development
Lyon Realty Advisors

CC: Mike Barmettler – Lyon
Felix Reliford– City of Milpitas
Bryan Otake- City of Milpitas
Dean Mills- DR Horton
Melissa Trunnell- DR Horton

LYON APARTMENT COMPANIES

Lyon Apartment Companies (the "Company" or "Lyon") was founded in 1988 by General William Lyon and Frank Suryan to capitalize on the forecasted growth in the apartment sector and further diversify General Lyon's real estate holdings. The Company currently owns close to 14,000 units with a value approaching \$2 billion. We operate out of our corporate office in Newport Beach, California with 3 regional/operational locations in Newport Beach, California, San Jose, California and Atlanta, Georgia. We currently employ approximately 600 people who work in various capacities in our corporate offices and the 48 apartment communities we own and operate in California, Colorado, Georgia and Florida.

Since its founding, Lyon has overseen the acquisition, development, rehabilitation, general contracting, and disposition of various multi-family and development opportunities with one goal in mind: **the creation of value** for its investors. This mantra includes the identification of favorable opportunities, markets and financing structures which, put together, produce a total return to our investors that clearly outpaces the industry.

As a financially-vested partner with our investors, our goals and objectives are aligned at all times. This continuing commitment to our investors ensures that the Company is focused on creating the highest possible returns, a core value which has led to the creation and retention of numerous relationships with the country's leading banks and financial services firms. These partners provide financing in various forms of debt and equity and are firmly committed to the Company and can always be counted on to see our transactions closed on time, and under attractive terms. Why? Because we execute as promised and have earned their confidence with our proven track record.

HISTORICAL BACKGROUND

A long, distinguished history in the real estate industry provides the foundation of our company's expertise. It began in 1954 when General William Lyon, USAF Retired, founded The William Lyon Company, a California based homebuilding company. Today, with more than 100,000 new homes built, William Lyon Homes, Inc. is recognized as one of the nation's largest homebuilders. They are also among the most respected. The company has garnered many of the building industry's highest accolades including awards from Professional Builder magazine and the California Building Industry Association.

Almost twenty years ago, Frank Suryan partnered with General Lyon to form a multi-family real estate company known as the Lyon Apartment Companies, specializing in:

- Acquisition
- Development
- Management

The Company is comprised of three, distinct entities, all working together towards a common goal:

Lyon Capital Ventures, ("LCV") identifies and acquires distressed or mismanaged properties for repositioning and renovation, as well as new development opportunities, and develops partnerships with various institutional and private sources of both equity and debt financing.

Lyon Realty Advisors, ("LRA") manages major renovations and construction opportunities as General Contractor or Construction Manager for the Company's completed projects, and is responsible for all pre-development, entitlement, and construction activities for the Company's ground-up development projects.

Lyon Management Group, ("LMG") provides property management and asset management services for 48 apartment communities with over 14,000 units across the United States, including Southern and Northern California, Colorado, Florida and Georgia.

For more than 20 years, Lyon has provided comprehensive multi-family services which included multi-family property management and asset repositioning services for joint ventures and our third party clients. Please see list of the properties we currently own and have under management in Exhibit A.

These corporate operating entities are all owned jointly by General Lyon and Frank Suryan, and both individuals contribute the required equity to the deals acquired by the Company. Please see the organization chart attached as Exhibit B for the ownership of Lyon's corporate cooperating entities.

Our Mission

"We look at our business like a game of chess. It's not just knowing what all the pieces are; it's knowing what to do with the pieces that allow us to achieve our goals. The management team consistently exceeds our clients' needs and our financial objectives. Superior internal controls, financial stability and long-term commitments to our partners demonstrate our commitment to your prosperity"

Frank T. Suryan, Jr., Chairman and
CEO

"To win at every real estate opportunity we undertake by beating the business plan."

To accomplish our company mission, Lyon has developed our Keystones to Success. These Keystones drive Lyon's success and influence our daily interactions with all our business partners.

- Integrity
- Commitment
- Team
- Customer
- Quality

AN INVESTORS PERSPECTIVE

Over the last 20 years the Company has partnered with many proven, time-tested institutional equity sources including Lehman Brothers, AEW Capital Management, Cornerstone Real Estate Advisers, Invesco Real Estate and many others. Please see a more comprehensive list in Exhibit C. The current portfolio assets are all owned in separate single purpose entities by the Company's principles and outside equity sources like those named above and other private equity sources. Please see organization chart attached in Exhibit B as an example of Lyon's typical transaction structure.

Clients enjoy the flexibility and energy of a small company with comprehensive real estate expertise that is committed to excellence, coupled with the substantial assets and reputation of the trusted Lyon name. The fact that we co-invest in the transactions we introduce to investors, assures our partners of our commitment to quality and our goal of an enhanced return on investment.

As mentioned above, we have been doing business with numerous financial institutions over our 20 year operating history. Please see a list of our partners attached in Exhibit C.

COMPANY PHILOSOPHY

We pride ourselves on our ability to maintain an investor's perspective, whether for our own account or for our third party clients. We focus on achieving consistent quality standards and maintaining bottom line objectives.

Investment Opportunities

Through LCV, we identify opportunities that provide investors with attractive returns, arrange for debt and equity capital to finance the acquisition or development, and through our management expertise, maximize yields while minimizing risks. This is achieved by our extensive expertise, maintaining a strong commitment to excellence, preserving the highest standards of integrity and operating with a professionalism developed through the decades and distinguished by the tradition of the Lyon name.

We typically are long term investors and have held many of our original assets since they were built in the early 1980's. In many cases, we have decided to hold assets well after our partner's investment horizon and have recapitalized these assets with new partners or private equity sources. However, over the years we have found unique opportunities which dictated a shorter hold strategy and have sold a number of assets when the returns exceeded our original business plan. A list of our returns can be provided on a confidential basis.

Property Management Philosophy

The operating philosophy for the renovation and repositioning of each asset is centered on LMG's comprehensive understanding of each opportunity and its market. We have established offices in areas of the country where we see significant opportunity. Those locations are

selected based on our comprehensive market research and historical results. We believe that you must have the ability to scale in each location and take advantage of the policies and procedures that are afforded with such established locations and local management.

The main focus is to enhance the long-term appreciation of the real estate asset and create financial opportunities for the property owner.

Full attainment of the performance goals for each investment property requires three fundamental resources.

- First - experienced experts who effectively analyze a property and its market.
- Second - a team of renovation specialists capable of implementing the objectives of the property repositioning who deliver the completed project within stringent guidelines.
- Third - a management team that assumes asset and property management responsibilities to optimize financial returns, minimize problems and create good will by treating residents and customers fairly, professionally and courteously.

Development Process

Development requires a defined sequence of events that incorporate the following key areas and disciplines:

Due Diligence and Pre-Design – Understand the property and where it fits in the market. Identify entitlement opportunities and hurdles, prepare conceptual development plans, site studies and assumptions based on how the property can most effectively be delivered.

Management and Development Plan – Assemble a professional consultant team with a proven track record of developing quality projects that can effectively execute the company goals and objectives and to determine the appropriate style, scope and parameters of the project.

Entitlement Strategy – Achieve company objectives by determining the critical path for project approvals. Working in tandem with City Staffs and policy makers to explore why project goals are compatible with regional or local city goals.

Design and Construction Documents – Engage the most well-respected consultants in the industry including architects, landscape architects, engineers, planners and/or general contractors. Negotiate fixed price contracts for the outlined work required to obtain approvals from governmental agencies.

Construction - Maintain administrative control, focus on objectives, and communicate with contractors, consultants and inspectors. Upon completion, make sure notices have been filed and local government jurisdictions have been satisfied on the project.

Property Management - Create a marketing strategy and action plan for lease up. Establish long term goal for property.

Recent Transactions

Over the past 5 years, the Company has added a number of new talented professionals to help grow the business and capitalize on the opportunities in the marketplace. During this time, the company has raised over \$2.3 billion for various acquisitions and recapitalizations, while also taking advantage of lower cap rates and selling approximately \$1.2 billion of assets.

We have focused on core areas where we have established teams of professionals and the political or local knowledge and support to achieve the desired results. We have teams of professionals that focus on compiling the diligence required for each new deal and we capitalize on the broad range of expertise we employ to ensure we utilize experts on required issues. Those teams include finance, legal, construction, environmental, property management, marketing and overall development expertise. Additionally, we have taken a proactive approach to obtaining condo entitlements for many of our assets and have been successful in all cases where there is expected to be some material value in the future. For specific areas of concern we will employ outside consultants to verify our findings.

Acquisition

Our recent acquisition activity includes the purchase of 6,955 units in Atlanta, Georgia from late 2005 through the middle of 2007. A majority of these assets were purchased in a Joint Venture with AEW and Lehman Brothers utilizing a combination of \$320 million of senior debt from Lehman, \$110 million of mezzanine/preferred equity from Lehman and AEW, and \$70 million in common equity from Lyon, Lehman and AEW. The assets were bought from various sources, in both listed and off-market transactions and a variety of sellers.

Development

Our current development activity includes two deals with the Redevelopment Agency in Long Beach, CA called The Promenade and West Gateway. Both of these sites are currently under construction and when finished will consist of 395 units, 30,000 sq. ft. of retail space and two parking garages totaling over 1,000 private and public spaces. The construction financing is being provided by Bank of America and Comerica and the equity is being provided on both deals by Cornerstone Real Estate Advisers. The project costs total over \$130 million and will be complete in early 2009 and 2010.

We are also in the process of building a 100 unit project in Mission Valley, California called Levanto. We bought this project from a local homebuilder with 10 units completely built and the plans and permits for the remaining 90 units in place and ready to complete. The total project cost will be \$33 million and will be complete in 9 months. We have a pipeline of similar projects that are former home sites that model with exceptional returns as apartments.

Please also see a list of the properties we currently own in Exhibit A and a list of assets we have developed or invested in major renovation programs in Exhibit D.

Affordable Housing Expertise

We have 20 years of expertise in the development, operation and management of income restricted and affordable housing units. We are currently developing a 291 unit mixed-use Class A, Type V podium project in Long Beach, California, that incorporates affordable housing. This development project is in collaboration with The Long Beach Redevelopment Agency and The Long Beach Housing Development Corporation. We currently have 11 properties in four states with 1,516 units under management with affordable restrictions (see schedule below). Lyon is familiar with all aspects of affordable housing including the negotiation of regulatory agreements, qualification of low income tenants, recertification requirements of residents and monthly and annual reporting requirements.

Property	Location	Units	Affordable Units
Autumn Chase	Highlands Ranch, CO	404	323
Capistrano Pointe	San Juan Capistrano, CA	274	55
Jasmine at Sandy Springs	Sandy Springs, GA	1,180	236
Kimberly Woods	San Jose, CA	208	42
Las Palmas	Fullerton, CA	259	52
Monarch Coast	Dana Point, CA	418	84
Oak Creek	Citrus Heights, CA	636	159
The Arbors	Lake Forest, CA	328	66
Trabuco Highlands	Rancho Santa Margarita, CA	184	37
Water Terrace	Sunrise, FL	438	438
West Gateway	Long Beach, CA	291	26
TOTAL		4,620	1,516

A TEAM OF PROFESSIONALS

Our expertise in accomplishing desired results is realized through a formula of quality people who are trained, motivated and responsible for the success of each property.

We take a quality approach to management and all personnel are extensively trained to respond quickly and appropriately to ever-changing customer needs, consistently identifying and improving the myriad of processes necessary to serve our customers. This foundation is supported by a comprehensive training program, detailed operations manuals, superb management systems and an environment that promotes communication and participation by all employees.

We have first-hand experience in numerous sub-markets within California, Colorado, Georgia and Florida. More importantly, we have the knowledge and know-how to effectively assess the

strengths and weaknesses of each property, allowing us to find the most effective ways to differentiate ourselves from our competitors to enhance performance.

Lyon's two Principals have a combined 80 years experience in the multi-family real estate industry. They have put together a team of professionals with deep industry knowledge and direct experience in their particular area of expertise. The bios for our key executives are included below.

BIOGRAPHICAL SUMMARIES

FRANK T. SURYAN, JR. is Chairman and Chief Executive Officer of Lyon Capital Ventures, Lyon Management Group, Inc. and Lyon Realty Advisors, Inc. With Mr. Suryan's leadership since 1988, Lyon has been recognized as one of the largest multifamily real estate owners/managers in Southern California with a market capitalization of over \$2.0 billion specializing in acquisition, development and management.

During Mr. Suryan's tenure, Lyon Apartment Companies has grown its portfolio from 4,000 units to over 14,000 units by expanding to prime markets in California, Colorado, Florida, Georgia and Nevada. He has managed the development and renovation of over 12,500 units and acquisition of over 21,000 units. In order to better manage the growth and improve service levels, Mr. Suryan established three regional offices and increased the work force to over 600 associates.

Mr. Suryan is a graduate of the University of Southern California with a Bachelor of Science degree in Business Administration. He is a member of the California Society and American Institute of Certified Public Accountants and specialized in real estate tax and management accounting services.

Mr. Suryan is a past Chairman of the Board of Directors for the California Housing Council (CHC), and served on the Board of the South Coast Apartment Association. He is currently a Board Member of both the National Multi-Housing Council and the California Apartment Association. He served on the Board of Directors of National Water and Power and as a Member of the Executive Committee.

In addition, Mr. Suryan is on the Board of Directors for Orangewood Children's Foundation; the Boys and Girls Club of the Los Angeles Harbor; and Mater Dei High School. Mr. Suryan is actively involved as a member of the Development Committee of Orangewood; and plays a key role in the Mater Dei Capital Campaign.

SHERRI MARTIN is President of Lyon Management Group, Inc. She began her career with the Lyon Organization in 1984 and assumed the role of President in 2005. In her role as President, Ms. Martin oversees the daily operations of 14,000 multi-family units at 48 properties located throughout the United States. She has over 25 years of experience in all aspects of the multi-

family industry, including entitlements, financing, construction coordination and specifications, marketing, financial analysis and reporting.

Ms. Martin joined The William Lyon Company's Multi-Family Division in 1984 where she oversaw a number of newly constructed properties across the country. In 1993, she was promoted to Senior Vice President where she oversaw the field operations of approximately 9,500 multi-family units until her promotion to President. With Ms. Martin's expertise and management skills, she has continued to take on additional responsibilities and has helped grow the portfolio to over 14,000 units.

Ms. Martin began her career at Union Bank in their Orange County real estate lending department. She is a graduate of Long Beach State University with a Bachelor's in Business Administration. She is a past President of the South Coast Apartment Association, a board member of the National Multi-Housing Council and the California Apartment Association and has earned a Certified Property Manager designation.

SCOTT A. SOUTHRON is the Chief Financial Officer of Lyon Capital Ventures, Lyon Management Group, Inc. and Lyon Realty Advisors, Inc. He is responsible for all financial, treasury, tax and information systems operations of the company. During the last three years at Lyon, he has been responsible for raising over \$1.8 billion in debt and equity, managing the acquisition process and selling \$1.2 billion in assets. He is also responsible for managing the current debt portfolio of over \$1.2 billion and ensuring the risk profile of the company is properly controlled while lowering the overall cost of capital.

Mr. Southron has extensive experience in financial management and the investment business. Prior to joining the company, he was the CFO for NWP, Inc, a billing company in the multi-family real estate business and a major service provider to the Lyon Apartment Companies. Mr. Southron has also served as the co-head of investment banking at Roth Capital Partners, the largest independent investment banking and private equity firm in Southern California. He has also held senior financial and operational roles at MCI, The Walt Disney Company and Price Waterhouse.

Mr. Southron is a graduate of the University of Southern California and is a certified public accountant.

MIKE BARMETTLER is Senior Vice President and General Counsel of Lyon Capital Ventures, Lyon Management Group, Inc. and Lyon Realty Advisors, Inc. He is responsible for all of the legal, regulatory affairs, and risk management matters, of Lyon Apartment Companies. Mr. Barmettler joined Lyon Apartment Companies in early 2006 and has been responsible for the legal structuring of over \$1.4 billion in acquisition, disposition, recapitalization and debt transactions during this time.

Mr. Barmettler has extensive in-house and law firm expertise in the legal representation of private and public companies. Prior to joining Lyon Apartment Companies, he was the Senior Vice President and General Counsel of NWP Services Corporation, a billing company in the multi-family real estate business and a major service provider to Lyon Management Group, Inc., and he currently sits on the board of directors of NWP. Prior to NWP, Mr. Barmettler served as Vice President and General Counsel of Aqueduct, Inc. a leading provider of outsourced e-business solutions. Mr. Barmettler has also held law firm positions in the Business and Technology Group of Brobeck, Phleger & Harrison, LLP, and in the Corporate Transactions Group of Gibson, Dunn & Crutcher, LLP. Mr. Barmettler started his legal career as judicial clerk to the Honorable C. Thomas White, Chief Justice of the Supreme Court of Nebraska.

Mr. Barmettler earned his Juris Doctorate degree, magna cum laude, from University San Diego School of Law.

ERIC A. DONNELLY is Vice President – Construction for Lyon Realty Advisors, Inc. Mr. Donnelly is a fourth generation general contractor in California and has over twenty-five years of construction expertise. He joined Lyon Realty Advisors, Inc. in 1999.

Prior to this association he was Vice President of J A Hill Corporation, a full service multi-family project construction company, providing senior management, project direction and supervision of several multifamily projects.

Additionally, he has provided project and construction management consulting for clients such as Allstate Insurance, 20th Century Insurance, Diamond Brothers Development, Hillcrest Development, KRPS Construction and Playa Vista Partners.

Mr. Donnelly obtained a Bachelor of Science Degree in Construction Engineering and Management from California State Polytechnic University, Pomona. He also has advanced training in the construction defect prevention and litigation. Mr. Donnelly served as Chairman of the City of San Gabriel Planning Commission for six years and previously was a four year member of its Design Review and Economic Development Commissions.

PETE ZAK is Vice President of Development for Lyon Realty Advisors with over 10 years of experience in California Real Estate Development.

Mr. Zak has played a role in developing several master plan communities and mixed-use projects. Most recently as a member of the Lyon team, Mr. Zak has contributed his project management and entitlement skills to the development of two mixed-use high density podium communities in downtown Long Beach, CA. As Director of Development for Irvine Community Development Company (a subsidiary of The Irvine Company), Mr. Zak was heavily involved in all aspects of the development of Shady Canyon, Quail Hill, Pacific Ridge and Woodbury communities. Mr. Zak began his career with Ernst & Young Kenneth Leventhal. As an Audit

Senior his client list included Irvine Apartment Communities, Institutional Housing Partners, William Lyon Homes, and Sunstone Hotels. He also performed all due diligence required for the underwriting of the Shady Canyon Golf Club.

Mr. Zak is a graduate of Villanova University with a Bachelor of Science degree in Accounting and a Minor in Finance.

JAMES D. HARRISON is Vice President – Resident Services and Renovation Operations and has over 22 years of experience. He coordinates interior and exterior renovation projects; prepares and monitors scope, budget and schedules with the Capital Improvement Project Manager; Resident Services Operations Managers for Interior and Exterior Renovations and Capital Improvements for the portfolio. Mr. Harrison also monitors vendor performance including service and quality control, and oversees all resident services operations for the company. Over the last 3 years he oversaw the renovation of over 10,000 units across the portfolio totaling over \$80 million.

Prior to joining Lyon in 1989, Mr. Harrison was previously employed at Jaeger Development where he was responsible for maintenance and tenant improvements of six commercial and industrial properties.

Mr. Harrison's background includes educational and vocational training at California State University, Fullerton and The Los Angeles Trade Technical College. His accreditations include a General Contractor Building License, Home Improvement Certification, Asbestos Certification and vocational training in HVAC and Electrical/Construction Maintenance resulting in HVAC EPA Certification.

DIANE J. MURPHY is Chief Accounting Officer and is responsible for the Accounting, Payroll and Human Resource Departments. Her primary responsibilities include corporate financial statements, lender communication, loan compliance, accounting policies and procedures, income tax returns, property taxes, and audits of property and corporate financial statements. In addition to overseeing the three departments, Ms. Murphy also assists the Chief Executive Officer and Chief Financial Officer in special projects.

Prior to joining Lyon in 1995, Ms. Murphy was an audit manager with Kenneth Leventhal & Company Certified Public Accountants (now Ernst & Young) where she was responsible for the planning, performance and supervision of audit and consulting engagements for clients in both the public and private sectors.

Ms. Murphy, a Certified Public Accountant, received a BA in Economics from the University at Irvine and is active in the Susan G. Komen Breast Cancer Foundation and other community efforts.

HEATHER DERLIN is Vice President Lyon Management Group, Inc. and has been with the company since February 1991. Her role in the organization began as Property Director for a 590 unit development project in Aliso Viejo. In 1993, she was promoted to General Manager overseeing various properties in Orange County. She was then promoted to Vice President - Operations in December 2003 and Senior Vice President in December 2005. During her tenure with the organization, Ms. Derlin supervised the operations directly related to new development of over 2,000 units in Southern California. Additionally, she has been actively involved in the supervision of both interior and exterior renovations for over 5,000 units. Currently, Ms. Derlin continues to oversee Northern and Southern California Operations as well as involvement as it relates to operations in all California acquisitions and developments.

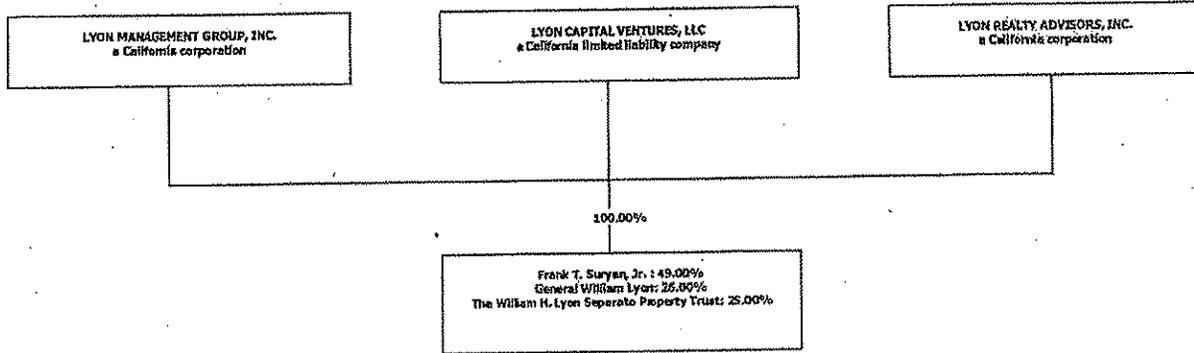
Ms. Derlin is a graduate of California State University, Long Beach with a Bachelor of Arts degree in Social Services. She has extensive experience in the property management industry for over twenty five years.

EXHIBIT A

OWNED AND MANAGED PROPERTIES		
Project Name	Location	Units
1900 Ocean	Long Beach, CA	265
Arbors, The	Lake Forest, CA	328
Autumn Chase	Highlands Ranch, CO	404
Aviare	Cupertino, CA	140
Bay Tree	Los Gatos, CA	56
Capistrano Pointe	San Juan Capistrano, CA	274
Commons, The	Campbell, CA	264
Forest Glen	Lake Forest, CA	90
Haver Hill	Fullerton, CA	264
Huntington Continental	Huntington Beach, CA	86
Jasmine at the Galleria	Smyrna, GA	270
Jasmine at Holcomb Bridge	Alpharetta	437
Jasmine at the Lake	Norcross, GA	640
Jasmine at Marietta Crossing	Marietta, GA	420
Jasmine at Peachtree Corners	Norcross, GA	490
Jasmine Pines	Stone Mountain, GA	216
Jasmine at Pleasantdale	Doraville, GA	646
Jasmine at Powers Ferry	Marietta, GA	302
Jasmine at Sandy Springs - The Falls	Sandy Springs, GA	520
Jasmine at Sandy Springs - The Hills	Sandy Springs, GA	400
Jasmine at Sandy Springs - The Fountains	Sandy Springs, GA	260
Jasmine Trails	Atlanta, GA	399
Jasmine Village	Norcross, GA	180
Jasmine Waterscape	Stone Mountain, GA	284
Jasmine Waterscape - Lakeview	Stone Mountain, GA	255
Jasmine at Winters Chapel	Atlanta, GA	592
Jasmine Woodlands	Smyrna, GA	644
Kimberly Woods	San Jose, CA	208
Las Palmas	Fullerton, CA	259
Levanto	San Diego, CA	100
Maplewood	Mountain View, CA	79
Monaco South	Denver, CO	216
Monarch Coast	Dana Point, CA	418
Oak Creek	Sacramento, CA	635
Ocean Club	Redondo Beach, CA	332
Pacific Pointe	San Clemente, CA	192
Pebble Creek	Campbell, CA	63
Renaissance	Santa Rosa, CA	138
Sedona	Placentia	240
Serrano	West Covina, CA	196
Shadow Creek	Campbell	92
Stoneridge	Pleasanton, CA	520
Terra Vista	Chula Vista, CA	168
Trabuco Highlands	Rancho Santa Margarita, CA	184
Villa Venetia	Marina del Rey, CA	224
The Vineyards	Anaheim, CA	304
Water Terrace I & II	Sunrise, FL	386
Water Terrace III	Sunrise, FL	52
TOTAL (48 Properties)		14,133

EXHIBIT B

CORPORATE OWNERSHIP STRUCTURE



SAMPLE PROPERTY OWNERSHIP STRUCTURE

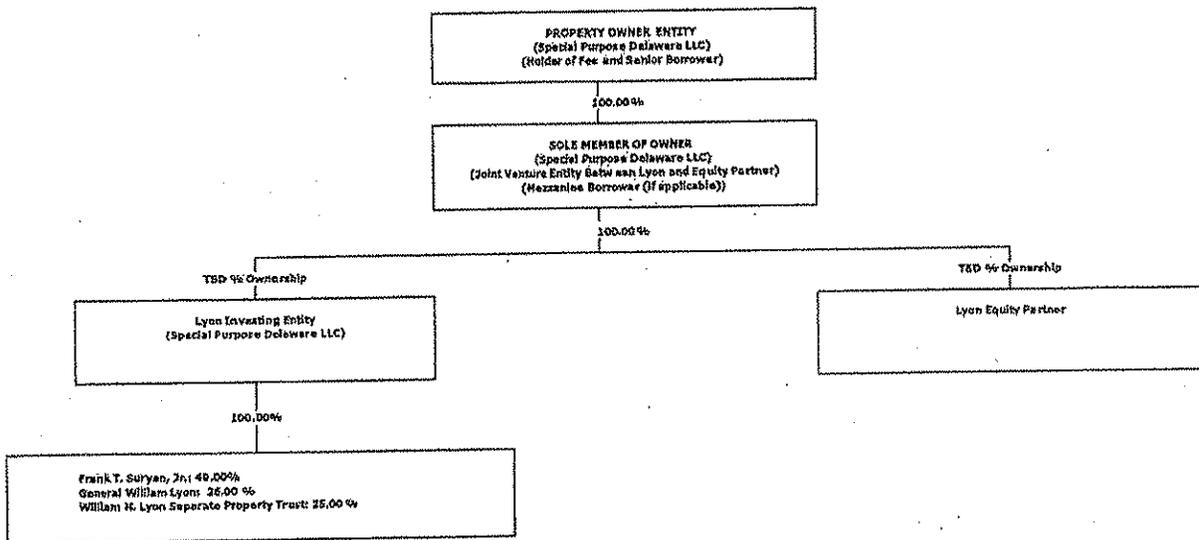


EXHIBIT C

SAMPLE OF PARTNERS

Debt Providers	Equity Providers
Lehman Brothers	Lehman Brothers
Merrill Lynch	AEW
Prudential	Cornerstone Real Estate Advisers
Freddie Mac	Pacific Coast Capital Partners
Fannie Mae	Invesco
Bank of America	TIAA - CREF
Wachovia Securities	GMAC
Comerica Bank	Private Investors
Capital Source	
Pacific Coast Capital Partners	
First Bank & Trust	
Babson Capital	

EXHIBIT D

DEVELOPMENT PROPERTIES			
Project Name	Location	Units	Construction and Rehab Dates
Capistrano Pointe	San Juan Capistrano, CA	274	1986
Reflections	Sunrise, FL	438	1987
Emerald Court	El Toro, CA	288	1987
Spring Lakes	El Toro, CA	180	1987
Trabuco Highlands	Trabuco Canyon, CA	184	1988
Westridge	El Toro, CA	390	1988
The Bluffs	Dana Point, CA	438	1989
Pinebrook Pointe	Margate, FL	394	1989
Las Palmas	Fullerton, CA	259	1990
Country Club Villas	Laguna Niguel, CA	280	1990
Barcelona	Aliso Viejo, CA	590	1991
Innsbruck	Aliso Viejo, CA	44	1991
Provence	Foothill Ranch, CA	340	1991
St. Moritz	Aliso Viejo, CA	675	1993
ViewPointe (Rehab)	Woodland Hills, CA	663	1993
Kimberly Woods (Rehab)	San Jose, CA	208	1995
Pacific Pointe (Rehab)	San Clemente, CA	192	1995
One Park Place	Irvine, CA	216	1996
The Village (Rehab)	Redondo Beach, CA	332	1998
Mountain View (Rehab)	Lake Forest, CA	225	1998
Arbor Court (Rehab)	Cypress, CA	160	2000
Esplanade Village (Rehab)	Redondo Beach, CA	105	2000
Haver Hill (Rehab)	Fullerton, CA	264	2000
Hillpointe (Rehab)	Mission Viejo, CA	400	2000
Madrid (Rehab)	Westchester, CA	174	2000
Pacific Park (Rehab)	Torrance, CA	152	2000
Renaissance (Rehab)	Woodland Hills, CA	474	2000
Bay Crest (Rehab)	Long Beach, CA	237	2001
Kendallwood (Rehab)	Whittier, CA	120	2001
Summer Glen (Rehab)	Whittier, CA	116	2001
Corona Pointe (Rehab)	Riverside, CA	714	2001
1900 Ocean (Rehab)	Long Beach, CA	266	2002
Bay Hill	Long Beach, CA	160	2003
Jasmine Portfolio	Florida	2,132	2003
Cypress Creek	Saiinas, CA	288	2004
Sage at Cupertino (Rehab)	Cupertino, CA	230	2004
Oak Creek (Rehab)	Citrus Heights, CA	636	2002
The Crossings at Otay Ranch (Rehab)	Chula Vista, CA	168	2004
Monaco South	Denver, CO	216	2004
Northern California Portfolio (Rehab)	Bay Area, CA	869	2005
Spring Creek (Rehab)	Sandy Springs, GA	1,180	2005
Kimberly Place (Rehab)	Monterey, CA	212	2005
Alton Jamboree	Irvine, CA	179	2005
Arbors at Winters Chapel (Rehab)	Atlanta, GA	592	2006
Cumberland Bridge (Rehab)	Smyrna, GA	270	2006
Atlanta Portfolio (Rehab)	Atlanta, GA	3,232	2006
Woodlands (Rehab)	Smyrna, GA	644	2006
Muirfield (Rehab)	Norcross, GA	180	2006
Verona Woods (Rehab)	West Covina, CA	196	2006
Bella Oaks (Rehab)	Santa Rosa, CA	138	2007
Villa Tierra (Rehab)	Piacentia, CA	240	2007
Vintage Woods (Rehab)	Lake Forest, CA	328	2007
Greenhouse (Rehab)	Alpharetta, GA	437	2007
Highland Parc (Rehab)	Marietta, GA	420	2007
Promenade	Long Beach, CA	104	In Process
West Gateway	Long Beach, CA	291	In Process
Monarch Coast	Dana Point, CA	30	In Process
Villa Venetia	Marina del Rey, CA	479	In Process
Levanto	Mission Valley, CA	100	In Process
TOTAL		23,743	

Lyon Apartment Companies

Ownership and Financial Structure

Lyon Apartment Companies ("Lyon" or the "Company") operates 3 corporate entities; Lyon Management Group, Inc, Lyon Realty Advisors, LLC and Lyon Capital Ventures, LLC. All three entities are owned by General William Lyon and Frank Suryan. These companies are responsible for all aspects of the 14,133 units owned and managed by Lyon and all other activities undertaken by the Company including acquisition and disposition of assets, construction, development, management and all financings of debt and equity. All three entities were founded in 1988 and have over 20 years of operating history.

The corporate entities recognize fee revenue from the activities mentioned above and pay all salaries and expenses of the Company. Over the past three years, fees have totaled close to \$15 million per year and all excess cash flows have been distributed to the two partners or paid out in bonuses to the employees. The Company has reported losses in certain years due to the timing of projects and collection of fees, which is reported on a cash basis. See attached Operating Statement Summary.

As mentioned above, the companies are owned by General Lyon and Frank Suryan, whom both have significant net worth to sustain current operations and fuel future growth, as well as significant ownership in over 13,000 units currently owned by Lyon. As shown in the attached Portfolio Analysis, Lyon's Portfolio has a current market value of over \$1.8 billion and close to \$600 million in equity (\$400 million owned by the Lyon Partners).

**Lyon Apartment Companies
Operating Statement Summary**

	2006	2007	Projected 2008
Operating Income	\$ 15,332,115	\$ 14,565,494	\$ 14,782,513
Operating Expenses			
Salaries	10,106,732	10,973,276	10,593,687
Travel	1,108,780	1,218,388	781,744
Facilities	828,084	1,012,383	1,020,265
Office Equipment	337,014	331,093	316,732
Advertising	328,568	274,302	251,255
Professional Services	222,505	832,345	803,449
Taxes, Insurance & Fees	106,042	120,246	103,568
Total Operating Expenses	<u>13,037,725</u>	<u>14,762,033</u>	<u>13,870,700</u>
Net Operating Income	2,294,390	(196,539)	911,813
Finance and Carry Costs	10,608	4,733	13,110
Other (Income) & Expense	112,299	277,722	(90,903)
Net Income	<u>\$ 2,171,483</u>	<u>\$ (478,994)</u>	<u>\$ 989,606</u>

PORTFOLIO LEVEL ANALYSIS -
 MARKET VALUES AS OF 12/31/07
 LYON SHARE ET AL
 12/31/07

04/22/2008 2:10 PM

G:\LOTUS\CORPORAT\Property Values\12 31 07 PROP MARKET VALUES by LM vs LH by partner ver4_05_08_XLSJ values

12/31/07
 L/M or LH Equity
 Estimated
 Market Equity

Asset	Lyon et al Ownership %	Units	Per Unit	Total Debt	Estimated Value	
L/M						
Autumn Chase	100.00%	404	109,000	31,600,000 (1)	44,000,000 (12)	12,400,000
Bluffs/Monarch	100.00%	386	316,000	86,500,000 (1)	122,000,000 (3)	35,500,000
Capistrano Pointe	100.00%	274	263,000	52,500,000 (1)	72,000,000 (9)	19,500,000
Las Palmas	50.00%	259	183,000	18,823,973 (1)	47,300,000 (5)	14,238,026
Reflections I & II	30.10%	386	151,000	31,822,000 (1)	58,400,000 (4)	7,999,978
Reflections III	30.10%	52	146,000	4,981,000 (1)	7,600,000 (4)	788,319
Trabuco Highlands	100.00%	184	261,000	34,800,000 (1)	48,000,000 (9)	13,200,000
Ocean Club	50.00%	332	355,000	40,640,233 (1)	118,000,000 (7)	38,679,884
Vineyards	100.00%	304	192,000	44,400,000 (1)	58,500,000 (8)	14,100,000
Sedona	100.00%	240	248,000	46,700,000 (1)	59,600,000 (8)	12,900,000
The Arbors	100.00%	328	232,000	63,500,000 (1)	76,000,000 (9)	12,500,000
Subtotal		3,149		456,267,206	711,400,000	181,806,206
Lyon Housing						
1900 Ocean	100.00%	266	376,000	45,690,701 (1)	100,000,000 (7)	54,309,299
Galleria	100.00%	270	100,000	24,470,000 (13)	27,000,000 (4)	2,530,000
Haver Hill	40.00%	264	197,000	32,000,000 (1)	52,000,000 (9)	8,000,000
LeCraw	10.00%	3,232	59,000	161,760,000 (6)	190,336,000 (4)	2,857,600
Las Palmas	50.00%		183,000	18,823,973 (1)	47,300,000 (5)	14,238,001
Monaco South	29.00%	216	60,000	8,150,000 (1)	13,000,000 (4)	1,408,500
NC Portfolio **	100.00%	554	248,000	59,623,379 (1)(10)	137,195,000 (10)	77,571,621
NorthPark **	100.00%	188	250,000	33,600,000 (1)(10)	47,000,000 (10)	13,400,000
Oak Creek	13.04%	636	98,000	34,350,000 (1)	62,600,000 (11)	3,683,800
Serrano	20.02%	196	163,000	27,450,000 (1)	32,000,000 (4)	910,996
Spring Creek	10.00%	1,180	99,000	87,000,000 (14)	116,500,000 (4)	2,950,000
Villa Venetia	50.00%	224	246,000	35,000,000 (14)	55,000,000 (2)	10,000,000
Village	100.00%	180	85,000	12,150,000 (1)	15,250,000 (4)	3,100,000
Winters Chapel	10.00%	592	73,000	36,305,000 (6)	43,055,000 (4)	675,000
Woodlands	10.00%	644	68,000	36,825,000 (6)	43,575,000 (4)	675,000
Holcomb Bridge	20.10%	437	84,000	32,975,000 (14)	36,855,600 (4)	780,001
Marietta Crossing	100.00%	420	80,000	30,300,000 (14)	33,803,500 (4)	3,503,500
Renaissance	100.00%	138	218,000	29,350,000 (14)	30,100,000 (4)	750,000
Subtotal		9,637		726,999,080 *	1,035,270,100 *	201,341,318
Huntington Continental	100.00%	86	209,000	10,310,000 (1)	18,000,000 (9)	7,690,000
4901 Birch	100.00%	n/a		2,210,000 (1)	4,000,000 (15)	1,790,000
4911 Birch	100.00%	n/a		850,000 (14)	1,500,000 (4)	650,000
Promenade	100.00%	n/a		42,100,000 (1)	42,100,000 (4)	0
Levanto	100.00%	n/a		9,700,000 (1)	12,700,000 (4)	3,000,000
Subtotal		86		65,170,000	78,300,000	13,130,000
Total		12,872		\$1,248,436,286	\$1,824,970,100	\$396,277,524

- Notes
- 1 Debt per balance sheet
 - 2 Based on cap rate of 6.0% with Ground Lease Extension
 - 3 Based on cap rate of 4.75% (Did not value Bldg 32 Land)
 - 4 Purchase Price + Improvements
 - 5 Based on cap rate of 5.5% (less ground lease payment)
 - 6 Debt per BS + pref equity
 - 7 Based on cap rate of 4.5%
 - 8 Exchange Value
 - 9 Based on cap rate of 5.0%
 - 10 Per Waterfall Analysis
 - 11 Based on cap rate of 5.75%
 - 12 Based on cap rate of 5.25%
 - 13 Debt per BS+pref eqty+2008 lca
 - 14 Debt per BS + undrawn lcan fun
 - 15 Estimated value
- Ignores how cash flow is distributed
 • Excludes Las Palmas from subtotal to avoid double counting
 ** Reflects promote



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 4th Floor Long Beach, CA 90802 Phone: 570.6428 Fax: 570.6205

July 21, 2008

Mr. James Lindsay
Planning & Neighborhood Services Director
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035-5411

Re: Lyon Apartment Companies Referral

Dear Mr. Lindsay:

The Long Beach Redevelopment Agency is working with Lyon Apartment Companies (Lyon) for the development of two rental condominium projects in the downtown. Both projects are currently under construction and will add 395 Class A residences to the City: (1) 104 loft style rental homes with 13,550 square feet of ground floor retail, and (2) 291 rental condominiums with 15,000 square feet of ground floor retail. The larger project will include 26 affordable units at 80 percent of area median income. Lyon worked closely with the City to add the affordable component to the project, which will be the same quality of the market rate units and dispersed throughout.

During this recent down turn in the economy, Lyon is one of the few developers that has followed through with their commitment to invest in Downtown Long Beach. While many developers have sighted the difficulty of obtaining financing during this time, Lyon has been able to secure the funds necessary to purchase the land and commence construction on both projects estimated to cost over \$137 million.

Lyon is moving ahead of schedule in the construction, and city inspections show a high level of craftsmanship and construction management. To date, materials, finishes and schedules are consistent with approved design.

City staff has had substantial interaction with the Lyon team over the past few years in getting both projects entitled and under construction. It is my personal experience that the Lyon team is professional, capable, knowledgeable and flexible. I look forward to working with them to complete these projects and finding other opportunities for them in Long Beach.

Do not hesitate to contact me if you have further questions or need additional information.

Sincerely,

Craig Beck
Director of Development Services

CC: Peter Zak, Lyon
Mike Barmettler, Lyon

OWNER PARTICIPATION AGREEMENT

by and between

MILPITAS REDEVELOPMENT AGENCY

and

LYON MILPITAS, LLC

OWNER PARTICIPATION AGREEMENT

THIS AGREEMENT is entered into as of the _____ day of _____ 2008 (the "Effective Date"), by and between the MILPITAS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency") and LYON MILPITAS, LLC LLC, a Delaware limited liability company ("Participant"). Agency and Participant are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

RECITALS:

A. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (California Health and Safety Code Sections 33000 *et seq.* (the "Redevelopment Law").

B. Participant is acquiring fee ownership of that certain real property located at the southwest corner of South Main Street and Great Mall Parkway in the City of Milpitas, California, that is more particularly described in the legal description set forth in Attachment No. 1 attached hereto and incorporated herein by this reference (the "Site"). Participant has proposed to develop a residential condominium project on the Site with approximately 327 units, of which 67 units (the "Restricted Units") shall be affordable for very low, low, and moderate-income persons and households, subject to the applicable ordinances and regulations of and development permits issued by the City of Milpitas (the "City") and the terms and conditions set forth herein (said development, including both the market-rate units and the Restricted Units and all related improvements and fixtures being referred to herein as the "Project").

C. The Site is located within the Milpitas Redevelopment Project Area No 1 (the "Project Area"), the Redevelopment Plan ("Redevelopment Plan") for which was initially approved and adopted by the City Council of the City by Ordinance No. 192, as subsequently amended by Ordinance No. 192.14.

D. The Site and that certain real property located directly to the east of the site owned by Western Pacific Housing, Inc. (the "Adjacent Site") is currently subject to the terms and conditions of that certain Owner Participation Agreement (the "Original Agreement") dated as of August 17, 2005, by and between Fairfield Great Mall LLC ("Fairfield") and the Agency, as thereafter assigned to Western Pacific Housing, Inc. ("WPH") and thereafter amended by WPH and the Agency.

E. Participant is acquiring fee ownership in the Site from WPH pursuant to that certain Purchase and Sale Agreement dated as of June 12, 2008, as amended, and the Parties desire to enter into this Agreement to govern the terms and conditions of the development of the Site by Participant upon Participant's acquisition of the Site.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and promises hereinafter contained, and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Agency and Participant hereby agree as follows:

AGREEMENT

I. [§100] SUBJECT OF AGREEMENT

[§101] Purpose of This Agreement.

The purpose of this Agreement is to effectuate the Redevelopment Plan for Milpitas Redevelopment Project Area No. 1 by providing for the development of affordable housing for very low, low, and moderate income persons and households within the Project to be developed by Participant on the Site. It is also to confirm the termination of the Original Agreement as it relates to the Site.

[§102] The Redevelopment Plan.

This Agreement is subject to the provisions of the Redevelopment Plan that was approved and adopted by the City Council of the City on September 21, 1976, by Ordinance No. 192, and restated and amended on June 17, 2003, by Ordinance No. 192.14. The Redevelopment Plan, as it now exists and as it may be subsequently amended, is incorporated herein by reference and made a part hereof as though fully set forth herein; provided, however, that any amendments to the Redevelopment Plan adopted after the Effective Date of this Agreement which extend the duration of the Redevelopment Plan, which change the uses or development permitted on the Site, or which otherwise change the restrictions or controls that apply to the Site or otherwise affect Participant's obligations or rights with respect to the Site shall require the written consent of Participant.

[§103] The Project Area

The Project Area is located in the City of Milpitas, California, and the exact boundaries of the Project Area are specifically described in the eighth amendment of the Redevelopment Plan, which is available for public inspection in the Office of the Milpitas City Clerk at 455 East Calaveras Boulevard, Milpitas, California 95035.

[§104] The Site

The Site is that certain real property located within the Project Area more particularly described in the "Legal Description of the Site" attached hereto as Attachment No. 1. The general location of the Site is depicted on the "Map of the Site" attached hereto as Attachment No. 2.

[§105] Agency.

Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Redevelopment Law.

The principal office of Agency is located at 455 East Calaveras Boulevard, Milpitas, California 95035.

The term "Agency," as used in this Agreement, includes the Milpitas Redevelopment Agency and any assignee of or successor to its rights, powers, and responsibilities.

[§106] Participant/Owner of the Site.

Participant is Lyon Milpitas, LLC, a Delaware limited liability company. The principal office of Participant is located at 4901 Birch Street, Newport Beach, California 92694. Upon closing of the purchase of the Site from WPH pursuant to the Purchase Agreement, Participant will own fee title to the Site as of the Effective Date of this Agreement and therefore qualifies as an "owner participant" as that term is used in the Redevelopment Plan and Redevelopment Law.

The term "Participant," as used in this Agreement, includes Lyon Milpitas LLC, and any permitted assignee of or successor to its rights, powers, and responsibilities.

[§107] Transfer and Assignment.

A. The qualifications and identity of Participant are of particular concern to Agency, and it is because of such qualifications and identity that Agency is entering into this Agreement with Participant.

B. Prior to Agency's issuance of a Certificate of Completion for the Project, as set forth in Section 218, and except as provided in this Section 107 and in Section 214. Participant shall not assign or transfer this Agreement, or any of Participant's rights hereunder, or any interest in the Site or in the Project to be constructed thereon, directly or indirectly, voluntarily or by operation of law (individually and collectively a "Transfer"), without Agency's prior written approval. Any such purported Transfer in violation of this Agreement shall be null and void.

Not by way of limitation of the foregoing and except as expressly set forth in Paragraph C of this Section 107, for purposes of this Section 107 a "Transfer" shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of any of Participant's right, title, and interest in and to this Agreement, the Site, or the Project thereon.

C. Notwithstanding any other provision set forth in this Agreement to the contrary, the following shall not be deemed to constitute a "Transfer" within the meaning of this Agreement and Agency approval shall not be required therefor:

(i) A Transfer to an entity in which Participant or an entity owned and controlled by Participant is the sole managing member or sole general partner of such entity;

(ii) Transfers resulting from the death or mental or physical incapacity of an individual;

(iii) Transfers in trust for the benefit of a spouse, children, grandchildren, or other family members;

(iv) A transfer of stock in a publicly held corporation or the transfer of the beneficial interest in any publicly held partnership or real estate investment trust;

(v) The conveyance or dedication of any portion of the Site or any interest therein to the City or other governmental agency or public utility or the granting of easements or permits required in connection with the development and construction of the Project;

(vi) A sale of the Site or any portion thereof or any interest therein at foreclosure or a conveyance thereof in lieu of a foreclosure pursuant to a foreclosure by a "Permitted Mortgage" (as that term is defined in Section 214);

(vii) The sale of any of the residential units in the Project (provided that nothing herein shall be deemed to allow Participant to permit occupancy of any such units prior to the City's issuance of a certificate of occupancy or final inspection permitting such occupancy);

(viii) Changes in the ownership of Participant, the 100% member of Participant ("Sole Member"), and/or the 100% member of the Sole Member, and/or Lyon Housing (Horton Portfolio) XXXIX, LLC ("Lyon Housing") as of the Effective Date, provided that in all events the day-to-day management of Participant shall continue to be controlled by Lyon Housing or one of its Affiliates;

(ix) Transfers of the interest of Lyon Housing in Participant to a new entity; provided that such new entity (a) shall have a net worth of at least One Hundred Million Dollars (\$100,000,000) and a cash and cash equivalent value of at least Twenty-Five Million Dollars (\$25,000,000) and (b) shall have expertise and experience in purchasing, developing and building residential condominium residential projects in the United States; and

(x) The encumbrance of the Site and any legal parcel thereof with construction and/or permanent financing used for financing the acquisition of the Site and/or development and management of the Project thereon, provided that the aggregate amount of any such encumbrances shall not exceed one hundred percent (100%) of Participant's total estimated Development Costs for the Project. As used herein, the term "Development Costs" shall include, without limitation, all of Participant's direct and indirect costs incurred to acquire the Site and develop the Project thereon through the date of Agency's issuance of its Certificate of Completion, including without limitation costs for planning, engineering, design, permit fees, financing costs (including interest and fees), construction/installation of public improvements and utilities that may have been required as conditions of approval for the Project, insurance, real estate taxes and assessments, bond premiums, and reasonable management and construction supervision fees, but expressly excluding the items paid for with the Agency Financial Assistance.

D. Approval of a proposed Transfer by Participant that requires Agency approval hereunder shall be given by Agency if all of the following conditions are satisfied:

(i) At the time of such proposed Transfer, this Agreement is in full force and effect, no default by Participant then exists with respect to this Agreement, and no default will exist with respect to the Site (or applicable portion thereof) upon consummation of the Transfer;

(ii) Agency determines in its reasonable discretion that the proposed assignee or transferee has demonstrated qualifications and experience that are sufficient in all material respects to perform the obligations of Participant hereunder that have not been performed as of the date of the proposed Transfer, including but not limited to: (a) financial strength; (b) experience in the successful development of first class residential condominium residential projects and the successful development and marketing of first class residential condominium residential projects similar to the size and quality of improvements to be constructed pursuant to this Agreement; (c) character and reputation; and (d) the ability to perform all of the agreements, undertakings, and covenants of this Agreement as to the Site or portion thereof to be so assigned or transferred; and

(iii) The proposed assignee or transferee (except any Permitted Mortgagee, or an assignee or transferee in connection with a foreclosure or deed in lieu of foreclosure of a Permitted Mortgagee's loan, or an assignee or transferee in connection with a rental of any residential unit, all of which shall not be required to execute an assignment and assumption agreement pursuant to this Section) shall have executed an express assignment and assumption agreement, in form and substance reasonably satisfactory to Agency's legal counsel, with respect to all of the obligations and liabilities of Participant set forth in this Agreement that arise on and after the effective date of the Transfer as to the Site or portion thereof to be so assigned or transferred.

(iv) The proposed assignee or transferee agrees to be bound by all the provisions of this Agreement, the Regulatory Agreement, and all conditions of approval attached to all discretionary approvals applicable to the Project.

E. In the event that Participant requests Agency's written consent to a proposed Transfer requiring Agency approval pursuant to this Agreement, Participant agrees to make available to Agency's legal counsel and/or economic consultant for their review and inspection such information that Agency may reasonably require in order to evaluate the solvency, financial responsibility, and relevant business acumen and experience of the proposed assignee or transferee. Such information shall include, without limitation, financial statements and a balance sheet of the proposed assignee or transferee as of a date within one hundred twenty (120) days of the request for Agency's consent and statements of income or profit and loss of the proposed assignee or transferee for the two-year period, if available, preceding the request for Agency's consent, if the same be available (or such other similar information that shall be available at the time the request for approval of the Transfer is made), and a written statement in reasonable detail as to the business and experience of the proposed assignee or transferee (or its principals) during the five (5) years preceding the request for Agency's consent. Participant will pay all Agency's reasonable costs incurred in reviewing information submitted by Participant under this Section.

Within thirty (30) days after the receipt of both Participant's written notice requesting Agency approval of a Transfer and whatever information Participant may submit regarding the proposed assignee or transferee, Agency shall respond in writing by stating what further information, if any, Agency reasonably requires in order to determine whether or not to approve the requested Transfer. Upon receipt of such a response, Participant shall promptly furnish to Agency such further information as may be reasonably requested. Agency's failure to timely request further information shall be deemed an acceptance of the completeness of the information initially provided by Participant.

Agency's Executive Director shall approve or disapprove any requested Transfer within thirty (30) days after Participant's request therefor is accepted as (or is deemed) complete. Any disapproval shall be in writing and shall specify the reasons for the disapproval and, if applicable, the conditions required to be satisfied by Participant in order to obtain approval. If Agency fails to notify Participant within said time of Agency's approval or disapproval of any requested Transfer, the request shall be conclusively deemed to have been approved at that time.

F. Upon the effective date of any permitted Transfer and any assignment or transfer which does not require Agency approval as provided for in Paragraph B of this Section 107, the transferor shall be released from its obligations under this Agreement arising after such date with respect to the Site, this Agreement, or the portion thereof that is so transferred, except as may be expressly provided for in the Agency-approved (if applicable) assignment and assumption agreement.

G. Notwithstanding the foregoing, the provisions of this Section 107 shall not apply after Agency issues its Certificate of Completion for the Project pursuant to Section 218 and after that date Participant may Transfer this Agreement and any of Participant's rights hereunder, and any interest in the Site or in the Project, without obtaining Agency's approval.

H. This Agreement may be terminated by Agency pursuant to Section 404 hereof if, in violation of this Agreement and without the prior written approval of Agency, Participant Transfers all or any portion of its rights under this Agreement, the Site, or the Project prior to Agency's issuance of a Certificate of Completion and fails to cure said default (or obtain Agency approval for such Transfer) within the time provided for in Section 401 for curing defaults or the time provided for in this Section 107 for obtaining Agency approval of a Transfer, as applicable. If Agency terminates this Agreement because of a wrongful Transfer by Participant, Participant shall promptly repay to Agency any Agency Financial Assistance referred to in Section 202 and more particularly described in Attachment No. 6 that Agency has paid to or for the benefit of Participant prior to the date of such termination, plus interest at the average prime lending rate then being quoted by the five (5) largest California banks as the rate charged to their most creditworthy commercial customers.

II. §200 DEVELOPMENT OF THE PROJECT

§201 Development of the Project by Participant.

Participant shall develop the Project on the Site according to the portions of the Scope of Development and the Project Description Conceptual Site Plan and Elevations relating to the Project and Site set forth in Attachment No 3.

§202 Agency Financial Assistance.

§203 [Reserved] Scope of Development/Time of Construction.

Participant agrees that the Project shall be developed in accordance with the portions of the Scope of Development relating to the Project and Site set forth in Attachment No. 3 [and within the time set forth in the Schedule of Performance set forth in Attachment No. 4.

§204 Commencement of Construction Pursuant to Plans; Agency Approval of Dispersal Plan for Restricted Units.

Participant shall commence construction of the Project no later than the date set forth in the Schedule of Performance, Attachment No. 4.

The original dispersal plan for the Restricted Units at the Site is as set forth as Exhibit D in the Regulatory Agreement. It is understood and agreed that the purpose of the dispersal plan is to assure that the Restricted Units are not concentrated in small locations within the Project, that the required bedroom counts provided for in the Regulatory Agreement are achieved and maintained in accordance with the Regulatory Agreement, and that the locations and amenities for the Restricted Units are generally comparable in the aggregate with the locations and amenities provided with respect to the non-Restricted Units.

§205 City Review of Plans, Drawings, and Related Documents.

Agency and Participant shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the City can receive prompt consideration. Agency will request the cooperation of the City in issuance of all required entitlements, approvals, and permits.

§206 Cost of Construction.

The cost of developing the Project on the Site shall be borne exclusively by Participant, except to the extent of the Agency Financial Assistance as set forth herein. Agency and Participant shall each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

§207 City and Other Governmental Agency Permits and Fees.

Prior to the commencement of construction on the Site, or any portion thereof, Participant shall, at its own expense, secure, or cause to be secured, any and all permits which may be

required by the City and any other governmental agency with jurisdiction over such construction and pay all required fees therefor. Agency shall provide all proper assistance to Participant in securing these permits.

[§208] Construction Schedule.

Participant shall commence and complete all construction and development within the times specified in the Schedule of Performance or such reasonable extensions of these times as are provided for in Section 503 of this Agreement.

[§209] Insurance.

Prior to commencement of any work of excavation, grading, site preparation, or construction with respect to the Project and continuing thereafter until Agency issues its Certificate of Completion for the Project, Participant shall maintain the following minimum insurance coverages, issued by an insurer and in a form reasonably acceptable to the Agency:

- (i) A policy of Worker's Compensation Insurance in such amounts as will fully comply with the laws of the State of California and which shall indemnify, insure, and provide legal defense for both Participant and Agency against any loss, claim, or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Participant in the course of carrying out the work or services contemplated in this Agreement.
- (ii) Comprehensive General Liability Insurance written on a per occurrence basis in an amount not less than the amount of insurance coverage the Participant is required to maintain by the primary construction lender for the Project.
- (iii) Comprehensive Automotive Insurance written on a per occurrence basis in an amount no less than either (a) bodily injury liability limits of Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) per occurrence and property damage liability of Five Hundred Thousand Dollars (\$500,000) per occurrence and One Million Dollars (\$1,000,000) in the aggregate or (b) combined single limit liability of One Million Dollars (\$1,000,000). Said policy shall include coverage for owned, non-owned, leased, and hired cars.
- (iv) Builder's all-risk insurance in the amount of the estimated cost of construction.

The required insurance shall be provided under an occurrence form. Comprehensive General Liability, Comprehensive Automobile Liability, and property insurance policies shall be endorsed to name as additional insureds the Agency and the City, and their respective board members, officers, employees and, to the extent permitted by Owner's insurance carriers, agents. All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to Agency pursuant to Section 504 below. Upon Agency's request at any time prior to the date that Agency issues its Certificate of Completion for the Project, Participant shall provide

certificates of insurance, in a form and with insurers reasonable acceptable to Agency, evidencing compliance with the requirements of this Section 209.

If a holder of a security interest in the Project requires greater insurance coverage, then such greater coverage shall apply in the place of the coverage described above for purposes of this Section 209.

[§210] Hazardous Materials.

A. Prior to the date that Agency issues its Certificate of Completion for the Project, Participant shall not use, generate, manufacture, store, or dispose of, on, under, or about the Site, or transport to or from the Site, any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including (without limitation) any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to as "Hazardous Materials") except such of the foregoing as may be customarily and lawfully kept and used in and about residential property and in the construction thereof.

Participant shall immediately advise Agency in writing if at any time prior to the date that Agency issues its Certificate of Completion for the Project Participant receives written notice of (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Participant or the Site pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Participant or the Site relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are referred to as "Hazardous Materials Claims"); or if Participant discovers (iii) any occurrence or condition on any real property adjoining or in the vicinity of the Site that could cause the Site or any part thereof to be classified as "border-zone property" under California Health and Safety Code Sections 25220 et seq. or corresponding regulations, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Site under any Hazardous Materials Law.

B. Participant shall indemnify, defend (with counsel reasonably acceptable to Agency), and hold harmless Agency and its directors, officers, employees, and agents from and against any loss, damage, costs, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on or under the Site between the date Participant acquired fee title to the Site and the date Agency issues its Certificate of Completion for the Project, including (without limitation): (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Site and the preparation and implementation of any closure, remedial, or other required plans; and (iii) all reasonable costs and expenses incurred by Agency in connection with clauses (i) and (ii), including (but not limited to) reasonable attorneys' fees. This paragraph shall survive termination of this Agreement. Agency agrees to cooperate with Participant to mitigate its damages in such event.

[§211] Local, State, and Federal Laws.

Participant shall carry out the construction of the Project in conformity with all applicable laws, including all applicable federal and state labor laws and standards. Agency makes no representation or warranty with respect to the applicability or non-applicability of California's prevailing wage laws to the Project and Participant agrees to defend, indemnify, protect and hold harmless Agency and the City and their respective officers, employees, and agents from, regarding, and against any all liabilities, obligations, orders, claims, damages, fines, penalties; and expenses of any kind whatsoever, together with fees (including, without limitation, reasonable attorneys' fees), whenever arising resulting from or in connection with Participant's obligation to comply with all laws with respect to the construction of the Project, including, without limitation, all applicable federal and state labor laws and standards and the prevailing wage laws. Notwithstanding the foregoing, by entering into this Agreement Participant does not consent to the application to the Project or the Site of any federal, state, or local laws, rules, or regulations that may be adopted or approved after the Effective Date and Participant reserves all rights and remedies that it might have to challenge or contest the applicability of such laws, rules, and regulations in the absence of this Agreement.

[§212] Anti-discrimination During Construction.

Participant, for itself, its successors and assigns, agrees that in the construction of the Project provided for in this Agreement, Participant will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, sexual preference, marital status, ancestry or national origin.

[§213] Taxes, Assessments, Encumbrances, and Liens.

Prior to the date Agency issues its Certificate of Completion for the Project, Participant shall pay prior to delinquency all real property taxes and assessments assessed and levied on or against the Site. Upon failure to so pay, Participant shall remove, or shall have removed, any levy, or attachment made on the Site, or shall assure the satisfaction thereof within a reasonable time, but in any event, prior to the sale thereunder. Nothing herein contained shall be deemed to prohibit Participant from contesting the validity, applicability to Participant or the Site, or amount of any tax, assessment, encumbrance, or lien, or to limit the remedies available to Participant with respect thereto.

[§214] Encumbrances, Deeds of Trust, and Other Financing.

Participant shall have the right to encumber the Site and any legal parcel thereof prior to Agency's issuance of its Certificate of Completion with construction and/or permanent financing used for financing the acquisition of the Site and/or development and management of the Project thereon, provided that the aggregate amount of any such encumbrances shall not exceed one hundred percent (100%) of the Development Costs (as that term is defined in Section 107(C)(x) of this Agreement). The holder of any such mortgage or deed of trust is referred to in this Agreement as a "Permitted Mortgagee." No such financing Transfer shall be deemed to release Participant from any of its obligations set forth in this Agreement until Participant completes development of the Project, as evidenced by Agency's issuance of its Certificate of Completion.

The provisions and restrictions in this Section 214 shall terminate upon Agency's issuance of its Certificate of Completion for the Project (or, with respect to any separate legal parcel within the Site for which a separate Certificate of Completion has been issued, upon Agency's issuance of its Certificate of Completion for that parcel). Thereafter, there shall be no restrictions on the mortgages, deeds of trust, or other security instruments which may encumber the Site or any portion thereof.

[§215] Permitted Mortgagee Not Obligated to Construct.

No Permitted Mortgagee shall in any way be obligated by the provisions of this Agreement to construct, or complete such construction of, the Project, or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to construe, permit, or authorize any Permitted Mortgagee to devote the Site to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement

[§216] Notice of Default to Permitted Mortgagee; Right to Cure.

Whenever Agency shall deliver any notice or demand to Participant with respect to any breach or default by Participant in the completion of construction of the Project, Agency shall at the same time deliver to each Permitted Mortgagee (who has previously made a request therefor), a copy of such notice or demand. Each such Permitted Mortgagee shall (insofar as the rights of Agency are concerned) have the right, at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default 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 Permitted Mortgagee to undertake or continue the construction of the improvements or the completion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made), without first having expressly assumed Participant's obligations to Agency by written agreement satisfactory to Agency. The Permitted Mortgagee in that event must agree to complete, in the manner provided in this Agreement, the construction of the Project (or applicable portion thereof) to which the lien or title of such Permitted Mortgagee relates. Any such holder properly completing the Project shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency.

[§217] Right of Agency to Cure Defaults.

Prior to Agency's issuance of its Certificate of Completion for the Project, in the event of a default or breach by Participant of its obligations under a loan issued by any Permitted Mortgagee, Agency shall have the right but not the obligation to cure the default prior to completion of any foreclosure. To this end, within five (5) days following receipt by Participant of any notice or demand from a Permitted Mortgagee with respect to any alleged default or breach pertaining to the mortgage or deed of trust of such Permitted Mortgagee, Participant shall deliver to Agency a copy of such notice or demand. Agency agrees to provide a minimum of fifteen (15) days written notice to Participant of Agency's intent to cure such default or breach. Agency shall be entitled to reimbursement from Participant of all costs and expenses reasonably incurred by Agency in curing the default. Agency shall also be entitled to a lien pursuant to

Civil Code § 2881, upon the Site to the extent of such costs and disbursements until paid by Participant. Any such lien shall be subject and subordinate to the rights of any Permitted Mortgagee.

[§218] Certificate of Completion.

The Project shall be constructed and developed in one phase. Promptly after completion of the construction of the Project by Participant, and upon Participant's written request, Agency shall execute in recordable form and cooperate with Participant in recording a Certificate of Completion.

The Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the construction of the Project required by this Agreement upon the Site and of full compliance with the terms hereof related to the Site. After issuance of a Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site covered by said Certificate of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by the covenants contained in the Regulatory Agreement to be recorded against the Site as provided for in Section 219 and those obligations of Participant that survive issuance of the Certificate of Completion, as set forth in clause (iii) of Section 303. Otherwise, after the issuance of the Certificate of Completion for the Site, neither Agency, City, nor any other person shall have any rights, remedies, or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in the Regulatory Agreement and Section 303.

Agency shall not unreasonably withhold issuance of the Certificate of Completion. If Agency fails to refuse to furnish the Certificate of Completion within thirty (30) days after such written request, Participant shall conclusively be deemed entitled to issuance of the Certificate of Completion. If Agency timely disapproves a request by Participant for issuance of the Certificate of Completion, Agency shall provide Participant within said ten (10) day period with a written statement of the reasons for such disapproval and the actions Participant must take to obtain the Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping or minor non-life safety "punchlist" items that do not prevent occupancy of the residential units, Agency will issue its Certificate of Completion upon the posting by Participant of a cash deposit (or such other security as Agency may approve in its sole and absolute discretion) in an amount representing the fair value of the work not yet completed.

The Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of Participant to any Permitted Mortgagee or other holder of a mortgage or any insurer of a mortgage securing money loaned to finance the construction of the Project or any part thereof. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

[§219] Regulatory Agreement.

Prior to the issuance of the first building permit for the Project, Participant and Agency shall execute a Regulatory Agreement in the form attached hereto as Attachment No. 5 which provides for certain covenants, conditions, and restrictions to be imposed on the Site consistent with the terms and purpose of this Agreement. Agency is authorized to, and shall, record the Regulatory Agreement upon its mutual execution by Agency and Participant. The Regulatory Agreement will provide that any lender in a junior position to the Regulatory Agreement will receive notice of, and be given an opportunity to cure, any Participant default of any material Regulatory Agreement provision.

[§220] Rights of Access.

For the purposes of determining whether the Project is being developed or has been completed in accordance with this Agreement, after providing Participant with notice, representatives of Agency and the City shall have the reasonable right of access to the Site at all reasonable times prior to Agency's issuance of its Certificate of Completion without charges or fees for the purpose of inspection of the Site. Such representatives of Agency or City shall be those who are so identified in writing by Agency's Executive Director. The right of entry shall be at the sole risk and expense of Agency or City and any damage to the Site, or to the improvements constructed thereon caused by Agency or City shall promptly be repaired at the sole cost and expense of Agency or City. Except in the event of an emergency, Agency or City shall be required to provide a minimum of forty-eight (48) hours notice to Participant prior to entering onto the Site and at the time of any such entry the Agency or City representative(s) shall report first to the on-site construction superintendent. During the period of any such entry, the Agency or City representative(s) shall comply with all reasonable safety rules governing the development of the Project and shall not interfere with the course of construction.

III. [§300] USE OF THE SITE

[§301] General Use of the Site.

From and after recordation of the Regulatory Agreement against the Site in accordance with Section 219 of this Agreement, Participant shall use the Site consistent with the Regulatory Agreement for the period(s) of time set forth therein.

[§302] Obligation to Refrain from Discrimination.

From and after recordation of the Regulatory Agreement against the Site in accordance with Section 219 of this Agreement, Participant and the Site shall be subject to the non-discrimination covenants set forth in the Regulatory Agreement.

[§303] Effect and Duration of Covenants.

Except as expressly set forth hereinbelow, all of the Parties' respective rights and obligations set forth in this Agreement shall terminate and be of no further force or effect upon Agency's issuance of its final Certificate of Completion for the Project pursuant to Section 218:

(i) If this Agreement is terminated prior to Agency's issuance of the Certificate of Completion, the Parties' rights, remedies, and obligations shall be as otherwise provided for herein;

(ii) Those rights and obligations of the Parties set forth in the Regulatory Agreement (the form of which is attached hereto as Attachment No. 5) shall survive Agency's issuance of its Certificate of Completion and shall continue in effect for the period(s) of time set forth therein;

(iii) To the extent that any claims are pending against Participant or Agency at the time the Certificate of Completion is issued or any claims are thereafter made arising out of acts or omissions that occurred or allegedly occurred prior to Agency's issuance of its Certificate of Completion, the provisions in this Agreement relating to insurance and indemnity obligations (including without limitation Sections 209, 210, 211, and 220) shall remain in full force and effect; and

(iv) If Agency has not paid all of the Agency Financial Assistance to or for the benefit of Participant as provided for in Section 202 and Attachment No. 6 to this Agreement, Agency shall continue to have the obligation to make such payments.

IV. [§400] DEFAULT, REMEDIES

[§401] Defaults; No Cross-Defaults After Sale of Parcel.

Subject to Section 503, a failure or delay by either Party to timely perform any material term or provision of this Agreement constitutes a default under this Agreement. The non-defaulting Party shall notify the defaulting Party that a default exists and that the defaulting Party must cure or commence to cure same within thirty (30) days of receipt of the notice of default. The Party who so fails or delays must within thirty (30) days of receipt of the notice of default, commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy with reasonable diligence and during any period of curing shall not be in default. Any failure or delay by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert, or enforce any such rights or remedies.

Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall a default by Participant with respect to one of Parcels within the Site be deemed to constitute a default hereunder or under the Regulatory Agreement relating to the other Parcel within the Site, and in such event Agency's rights and remedies (including without limitation both legal and equitable remedies and its remedy of rescission or termination, if applicable) shall be limited to the Parcel as to which such default exists. This prohibition will apply where the parcels are owned by separate, unrelated owners. This prohibition will not apply where both parcels are under the ownership of a single owner.

[§402] Legal Actions.

In addition to any other rights or remedies, either Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Santa Clara, State of California, in any other appropriate court in that county, or in the appropriate United States District Court in the State of California.

The non-defaulting Party may also, at its option, cure the breach and sue in any court of proper jurisdiction to collect the reasonable costs incurred by virtue of curing or correcting the defaulting Party's breach. Further, the non-defaulting Party may file legal action to require the defaulting Party to specifically perform the terms and conditions of this Agreement or the Regulatory Agreement.

[§403] Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

[§404] Agency Termination of Agreement Prior to Issuance of Certificate of Completion.

In addition to the other rights and remedies that Agency may have for a Participant default prior to Agency's issuance of a Certificate of Completion, if Participant commits a material default and fails to cure the same within the time set forth in Section 401 and Section 503 (if applicable), Agency shall have the right to terminate this Agreement upon delivery of written notice to Participant. In such event, Participant shall promptly repay to Agency any Agency Financial Assistance paid to or for the benefit of Participant prior to the termination, plus interest at the average prime lending rate then being quoted by the five (5) largest California banks as the rate charged to their most creditworthy commercial customers.

V. [§500] GENERAL PROVISIONS

[§501] Conflicts of Interest.

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

The Participant warrants that it has not paid or given, and will not pay or give, any official, employee, or agent of either Agency or the City any money or other consideration for obtaining this Agreement.

[§502] Non-liability of Agency and Participant Officials and Employees.

No member, official, or employee of the Agency shall be personally liable to the Participant in the event of any default or breach or for any amount which may become due to the

Agency or on any obligations under the terms of this Agreement. Agency acknowledges that this Agreement is entered into by a formal entity and Agency agrees that no individual officer, director, employee, official, agent, partner, member, or representative of Participant or the entities of which Participant is comprised shall have any personal liability under this Agreement.

[§503] Enforced Delay Extension of Times of Performance.

In addition to the specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions, freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of another party; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of Agency shall not excuse performance by Agency) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by Agency and Participant. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of Three Hundred Sixty-Five (365) days.

[§504] Notices and Communications.

Formal notices, demands, and communications between Agency and Participant shall be sufficiently given if personally delivered, delivered by a reputable same-day or overnight courier services that provides a receipt showing date and time of delivery, or delivered by United States mail, registered or certified, postage prepaid, return receipt requested, to the following addresses:

If to Agency:	Milpitas Redevelopment Agency 455 East Calaveras Boulevard Milpitas, CA 95035 Attn: Executive Director
With a copy to:	Milpitas Redevelopment Agency 455 East Calaveras Boulevard Milpitas, CA 95035 Attn: Michael J. Ogaz, Agency Counsel
If to Participant:	Lyon Milpitas, LLC 4901 Birch Street Newport Beach, CA 92660 Attn: Frank T. Suryan, Jr. Telephone: (949) 838-1220 Facsimile: (949) 838-1225

With a copy to: Madden, Jones, Cole & Johnson
111 W. Ocean Blvd., Suite 1300
Long Beach, CA 90802
Attn: Steven A. Jones
Telephone: (562) 435-6565
Facsimile: (562) 590-7909

All notices shall be deemed to be effective as of the earlier of the actual receipt by the addressee thereof or the expiration of forty-eight (48) hours after depositing in the United States Postal System in the manner described in this Section. Such written notices, demands, and communications may be sent in the same manner to such other addresses as a party may from time to time designate by notice delivered in the same manner as required herein.

[§505] No Third Party Beneficiaries.

Notwithstanding any other provision set forth in this Agreement to the contrary, and excluding only those provisions in this Agreement that are expressly described as being intended to benefit the City or any existing or prospective Permitted Mortgagee, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than Agency and Participant and the permitted successors and assigns of either of them shall be authorized to enforce the provisions of this Agreement.

[§506] Modifications.

Any alteration, change, or modification of or to this Agreement, in order to become effective, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each Party hereto.

[§507] Binding Effect of Agreement.

This Agreement shall be binding upon and shall insure to the benefit of the Parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall likewise be binding upon and encumber the Site and the successors in interest of Participant's fee interest in the Site for the applicable term of the various covenants set forth herein and in the Regulatory Agreement.

[§508] Assurances to Act in Good Faith; Approvals and Consents.

Agency and Participant agree to execute all documents and instruments and to take all actions and to use their best efforts to accomplish the purposes of this Agreement. Agency and Participant shall each diligently and in good faith pursue the satisfaction of any conditions or contingences subject to their approval. Except to the extent this Agreement may specifically authorize a Party to withhold its approval or consent in its sole and absolute discretion, when either Agency or Participant shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained herein, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the Party from which such consent or approval is sought and if action is required to occur within a specific time or pursuant

to a specific procedure set forth herein such specific times and procedures shall be strictly enforced.

[§509] Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If, however, any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

[§510] Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

[§511] Entire Agreement.

This Agreement and all documents incorporated herein contain the entire understanding among the Parties hereto relating to the transaction contemplated herein and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged herein and shall be of no further force or effect.

[§512] Waiver.

All waivers of the provisions of this Agreement, unless specified otherwise herein, must be in writing and signed by the appropriate authorities of Agency or Participant, as applicable, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Participant. No delay or omission by either Party hereto in exercising any right or power accruing upon the lack of compliance or failure of performance by the other Party hereto under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either Party hereto of a breach of any of the covenants, conditions, or agreements hereof to be performed by the other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions, or conditions hereof.

[§513] Agency Indemnity of City.

Agency shall indemnify, defend, and hold harmless the City of Milpitas from and against any and all actions, suits, claims, damages liabilities, including legal costs and attorney's fees and expert witness fees, whether or not suit is actually filed, and any judgment rendered against City and/or its officers, employees, agent, representatives, and volunteers (hereinafter, collectively, "Claims") that may be asserted or claimed by any person, firm, or entity arising out of or in connection with this Agreement.

[§514] Counterparts.

This Agreement may be executed in counterparts, each of which, when this Agreement shall have been signed by both Parties hereto, shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[§515] Authority.

Agency and each person executing this Agreement on behalf of Agency represents and warrants that: (i) it is a redevelopment agency duly organized and existing under the laws of the State of California; (ii) by proper action of Agency, Agency has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Agency does not violate any provision of any other agreement to which Agency is a party.

Participant and each person executing this Agreement on behalf of Participant represents and warrants that: (i) it is a limited liability company duly organized and existing under the laws of the State of California; (ii) by proper action of Participant, Participant has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized principals or officers; and (iii) the entering into this Agreement by Participant does not violate any provision of any other agreement to which Participant is a party.

[§516] Estoppels.

At the request of Participant or any existing or prospective Permitted Mortgagee, Agency shall timely execute and deliver to Participant or such existing or prospective Permitted Mortgagee a written statement of Agency that no default or breach exists (or would exist with the passage of time, or giving of notice, or both) by Participant under this Agreement or the Regulatory Agreement, if such be the case, and certifying as to whether or not Participant has, as of the date of such certification, complied with any obligation of Participant as to which Participant or such existing or prospective Permitted Mortgagee may inquire. The form of any estoppel letter or certificate shall be prepared by Participant or the existing or prospective Permitted Mortgagee and shall be at no cost to Agency.

[§517] Litigation.

In the event any third party institutes a legal action to challenge the validity or enforceability of any provision of this Agreement or any approval by the City referred to in Attachment No. 3 or otherwise contemplated by this Agreement, the Parties agree to cooperate in defending said action as set forth in this Section 517. Not by way of limitation of the foregoing, without Participant's prior written consent, Agency shall not allow any default to be taken against it in any such action and shall not enter into any settlement or compromise of any claim which has the effect, directly or indirectly, of prohibiting, preventing, delaying, or further conditioning or impairing Participant's development of the Project or its use and maintenance of any portion of the Site in accordance with this Agreement. In addition, Agency shall keep Participant fully informed regarding the status of any such legal action. Any legal action taken by Agency in compliance with this Section 517 shall be at the Participant's costs, and the Participant shall reimburse the Agency for its reasonable legal costs.

[§518] Relationship of Parties.

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

[§519] Administration of Agreement.

Following the approval and execution of this Agreement by Agency, Agency's Executive Director (or his or her designee) shall have the authority to administer this Agreement on Agency's behalf, including without limitation the authority to: (i) execute documents; (ii) approve Participant's evidence of required insurance coverages as provided for in Section 209; (iii) approve any Transfer to a Permitted Mortgagee as authorized in Section 214; (iv) issue the Certificate of Completion for the Project when the same shall have been completed in accordance with this Agreement; (v) approve the initial dispersal plan for the Restricted Units within the Project (and any subsequent amendments thereto), as provided for in Section 204 and the Regulatory Agreement, as applicable; and (vi) issue interpretations, waive provisions, and enter into minor amendments of this Agreement on behalf of Agency so long as such actions do not substantially change the uses or development permitted on the Site or add to the costs to Agency as specified herein or as agreed to by Agency's Board of Directors. The authority of the Agency Executive Director to approve extensions of the times of performance provided for herein shall be limited as set forth in Section 503. Any other waivers or amendments to this Agreement not specifically described in this Section 519 shall require the written consent or approval of Agency's Board of Directors.

[§520] Exhibits.

This Agreement includes all exhibits and attachments attached hereto, which by this reference are incorporated in this Agreement in their entirety. This Agreement also includes the Redevelopment Plan and any other documents expressly incorporated herein by reference, as though fully set forth herein.

Attachment No. 1	Legal Description of the Site
Attachment No. 2	Map of the Site
Attachment No. 3	Scope of Development
Attachment No. 4	Schedule of Performance
Attachment No. 5	Regulatory Agreement

VI. [§ 600] TIME FOR EXECUTION OF AGREEMENT BY AGENCY

This Agreement, when executed by Participant, must be authorized, executed, and delivered by Agency to Participant within thirty (30) days after the date of signature by Participant or this Agreement shall be void, except to the extent that Participant may consent in writing to further extensions of time for the authorization, execution, and delivery of this Agreement. In no event shall this Agreement become effective until it has been approved by Agency's Board of Directors and executed by an authorized signatory on behalf of Agency.

MILPITAS REDEVELOPMENT AGENCY

By: _____
Thomas C. Williams
Its: Executive Director

Attest:

Mary Lavelle, Agency Secretary

Approved as to form:

Mike Ogaz, Agency Counsel

PARTICIPANT:

LYON MILPITAS, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

BY: LYON HORTON PORTFOLIO INVESTORS,
LLC, A DELAWARE LIMITED LIABILITY
COMPANY, ITS SOLE MEMBER

BY: Lyon Housing (Horton Portfolio) XXXIX, LLC , A
Delaware limited liability company, Its Managing
Member

By: _____
Name: _____
Title: _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE SITE.

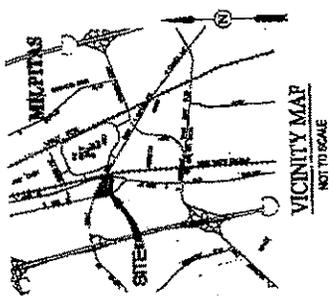
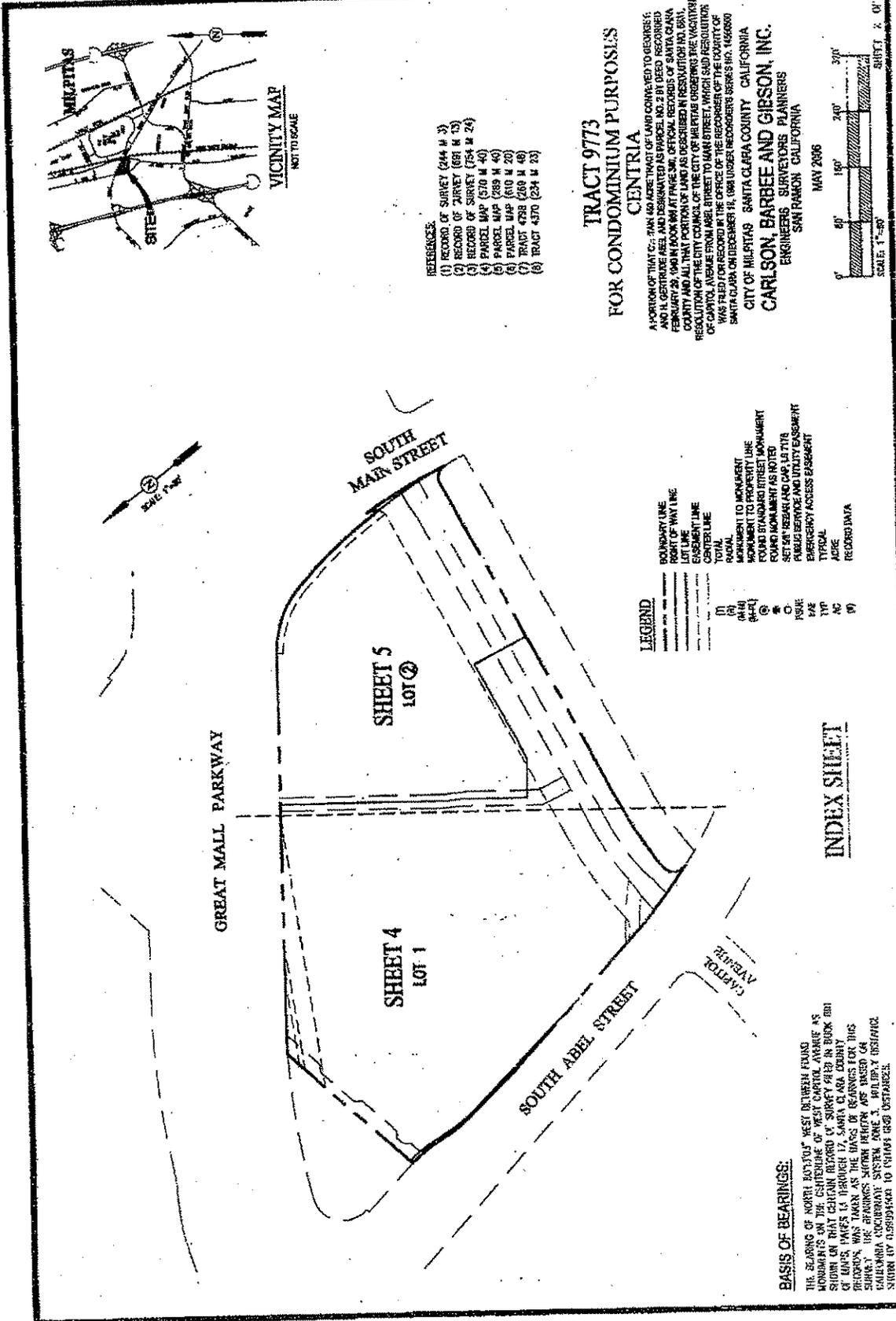
LEGAL DESCRIPTION

Attachment No. "1"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MILPITAS , COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lot 1, as shown on that certain Map entitled, "Tract No. 9773 Centria", which was filed in the office of the Recorder of the County of Santa Clara, State of California on July 24, 2006 in Book 804 of Maps, pages 9 through 14.

APN: 086-12-021

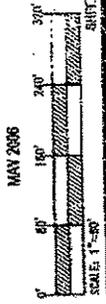


- REFERENCES:**
- (1) RECORD OF SURVEY (244 M 3)
 - (2) RECORD OF SURVEY (681 M 3)
 - (3) RECORD OF SURVEY (754 M 24)
 - (4) PARCEL MAP (570 M 40)
 - (5) PARCEL MAP (289 M 40)
 - (6) PARCEL MAP (610 M 20)
 - (7) TRACT 4298 (268 M 48)
 - (8) TRACT 4370 (234 M 33)

**TRACT 9773
CENTRIA
FOR CONDOMINIUM PURPOSES**

A PORTION OF TRACT 9773, SAN JUAN TRACT OF LAND CONVEYED TO GEORGE S. AND ILSE B. AND ASSUMED AS PARCEL NO. 2 BY DEED RECORDED IN BOOK 1000, PAGE 1000, AT THE SAN JUAN OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 6841, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS ORDERING THE VACATION OF CAPITAL AVENUE FROM ABEL STREET TO MAIN STREET, WHICH SAID RESOLUTION WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 19, 1984 UNDER RECORDING SERIES NO. 14560800

**CITY OF MILPITAS SANTA CLARA COUNTY CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
ENGINEERS SURVEYORS PLANNERS
SAN RAMON CALIFORNIA**



- LEGEND**
- BOUNDARY LINE
 - RIGHT-OF-WAY LINE
 - LOT LINE
 - EASEMENT LINE
 - CENTER LINE
 - TOTAL
 - MONUMENT TO MONUMENT LINE
 - MONUMENT TO RIGHT-OF-WAY LINE
 - MONUMENT TO LOT LINE
 - FOUND MONUMENT AS NOTED
 - SET BACK FROM LAND CAP 14.774
 - PUBLIC SERVICE AND UTILITY EASEMENT
 - EMERGENCY ACCESS EASEMENT
 - TYPICAL
 - ACRE
 - RECORD DATA

- (M) (R)
- (A) (H)
- (S) (C)
- (E) (L)
- (P) (K)
- (Y) (O)
- (N) (C)
- (V)

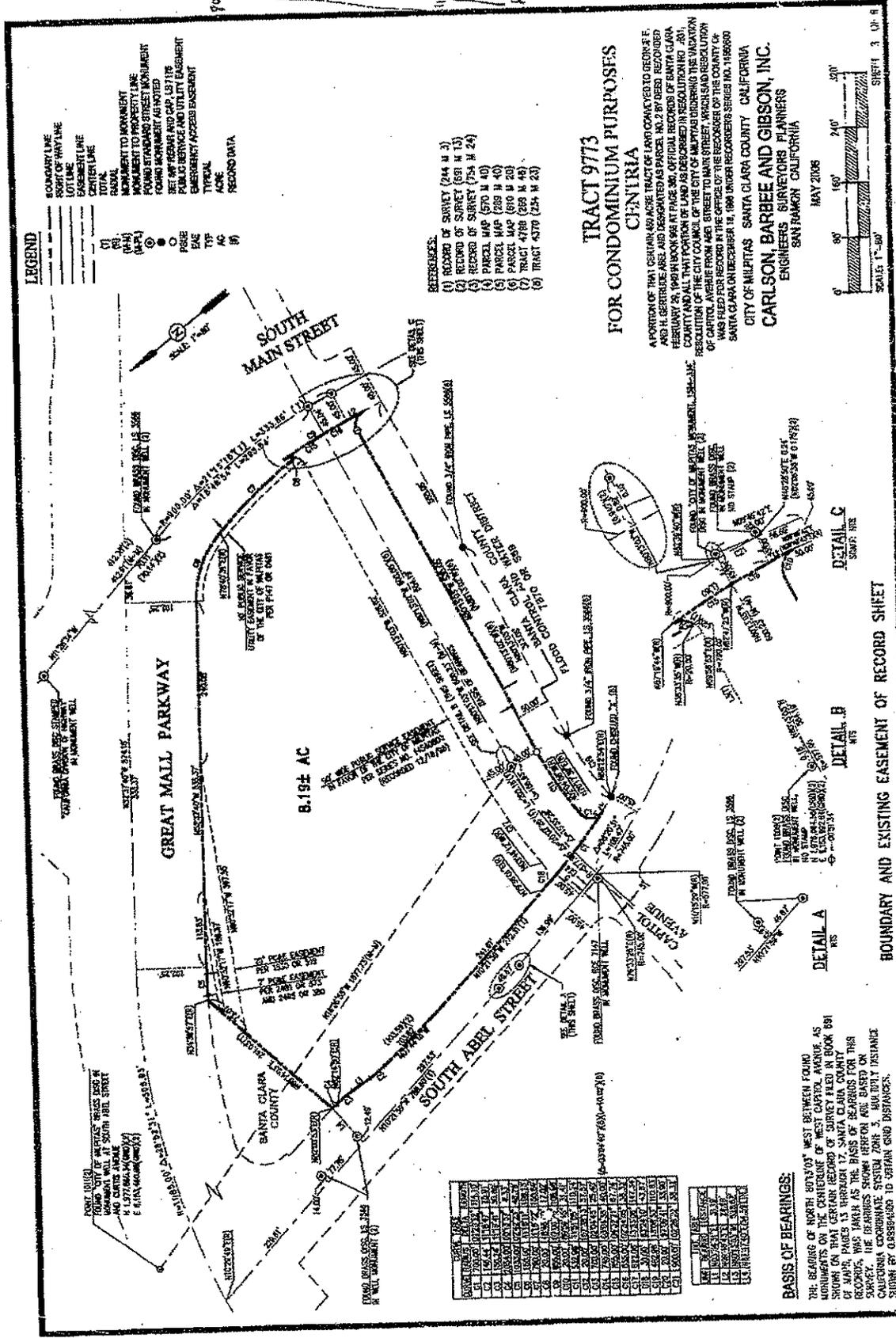
INDEX SHEET

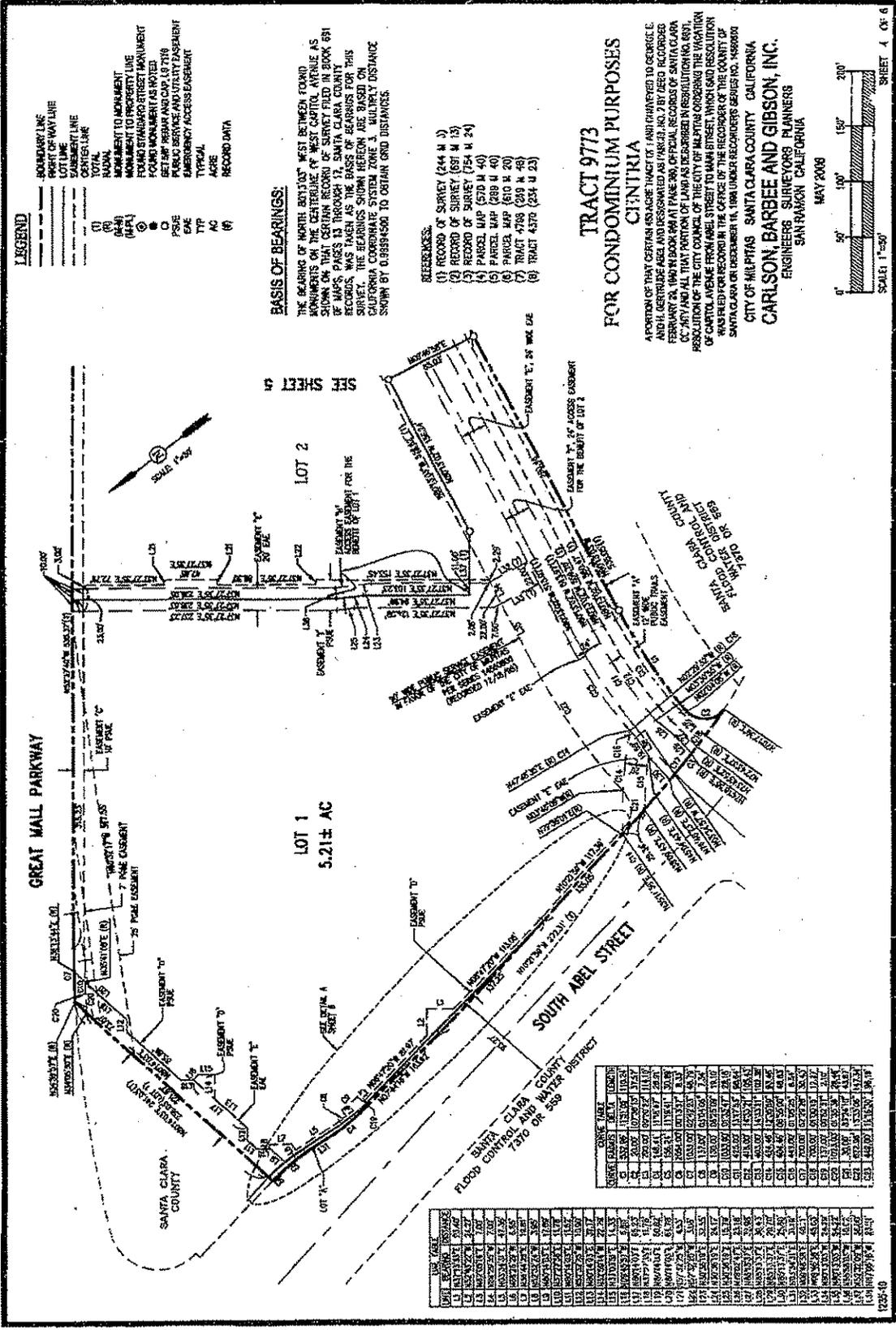
BASIS OF BEARINGS:

THE BEARINGS OF NORTH 80°30'15" WEST IN THESE FOUND MONUMENTS ON THE CENTERLINE OF WEST CAPITAL AVENUE AS SHOWN ON THAT CERTAIN RETURN TO SURVEY FILED IN BOOK 1000 OF UNPLANNED PAGES 13 THROUGH 17, SANTA CLARA COUNTY RECORDS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM 1983 AND THE NATIONAL GRID SYSTEM BY ADJUSTMENT TO POINT 100 WESTARREX.

1256-06

19037671





- LEGEND**
- BOUNDARY LINE
 - PART OF WAY LINE
 - LOT LINE
 - EASEMENT LINE
 - CENTERLINE
 - TOTAL
 - MONUMENT TO MONUMENT
 - MONUMENT TO PROPERTY LINE
 - FOUND STAKE/STREET MONUMENT
 - FOUND MONUMENT (AS NOTED)
 - SETBACK PERMANENT (AS NOTED)
 - PUBLIC SERVICE AND UTILITY EASEMENT
 - EMERGENCY ACCESS/EASEMENT
 - TYPICAL
 - ACRES
 - RECORD DATA

BASIS OF BEARINGS:
 THE BEARINGS OF NORTH BENTLEY LOT 1631 BETWEEN FOUND MONUMENTS WITH CENTERLINE OF GREAT WALL PARKWAY AS SHOWN ON THE RECORD MAP OF GREAT WALL PARKWAY BOOK 681 OF MAPS, PAGES 33 THROUGH 37, SANTA CLARA COUNTY RECORDS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE BASED ON CALIFORNIA COORDINATE SYSTEM ZONE 3. MULTIPLY DISTANCE SHOWN BY 0.99994500 TO OBTAIN GRID DISTANCES.

- REFERENCES:**
- (1) RECORD OF SURVEY (244 N 3)
 - (2) RECORD OF SURVEY (524 N 33)
 - (3) RECORD OF SURVEY (254 N 24)
 - (4) PARCEL MAP (570 N 40)
 - (5) PARCEL MAP (280 N 40)
 - (6) PARCEL MAP (510 N 40)
 - (7) TRACT 4700 (249 N 40)
 - (8) TRACT 4370 (234 N 23)

**TRACT 9773
 CINTRIA**
 FOR CONDOMINIUM PURPOSES

A PORTION OF TRACT 9773, CINTRIA, AN UNDIVIDED TO GEORGE E. AND H. BEATRICE AND DESIGNATED AS PARCEL NO. 7 BY DEED, RECORDS FEBRUARY 20, 1940 IN BOOK 681, PAGE 30, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 6011, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOSE ORDERING THE VACATION OF CAPITOL AVENUE FROM ABEL STREET TO MAIN STREET, WHICH SAID RESOLUTION WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 14, 1984 UNDER RECORDERS SERIES NO. 1488000.

CITY OF SAN JOSE, SANTA CLARA COUNTY, CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
 ENGINEERS SURVEYORS PLANNERS
 SAN RAMON, CALIFORNIA

MAY 2008



SHEET 4 OF 6

SEE SHEET 5

LOT 1
 5.21± AC

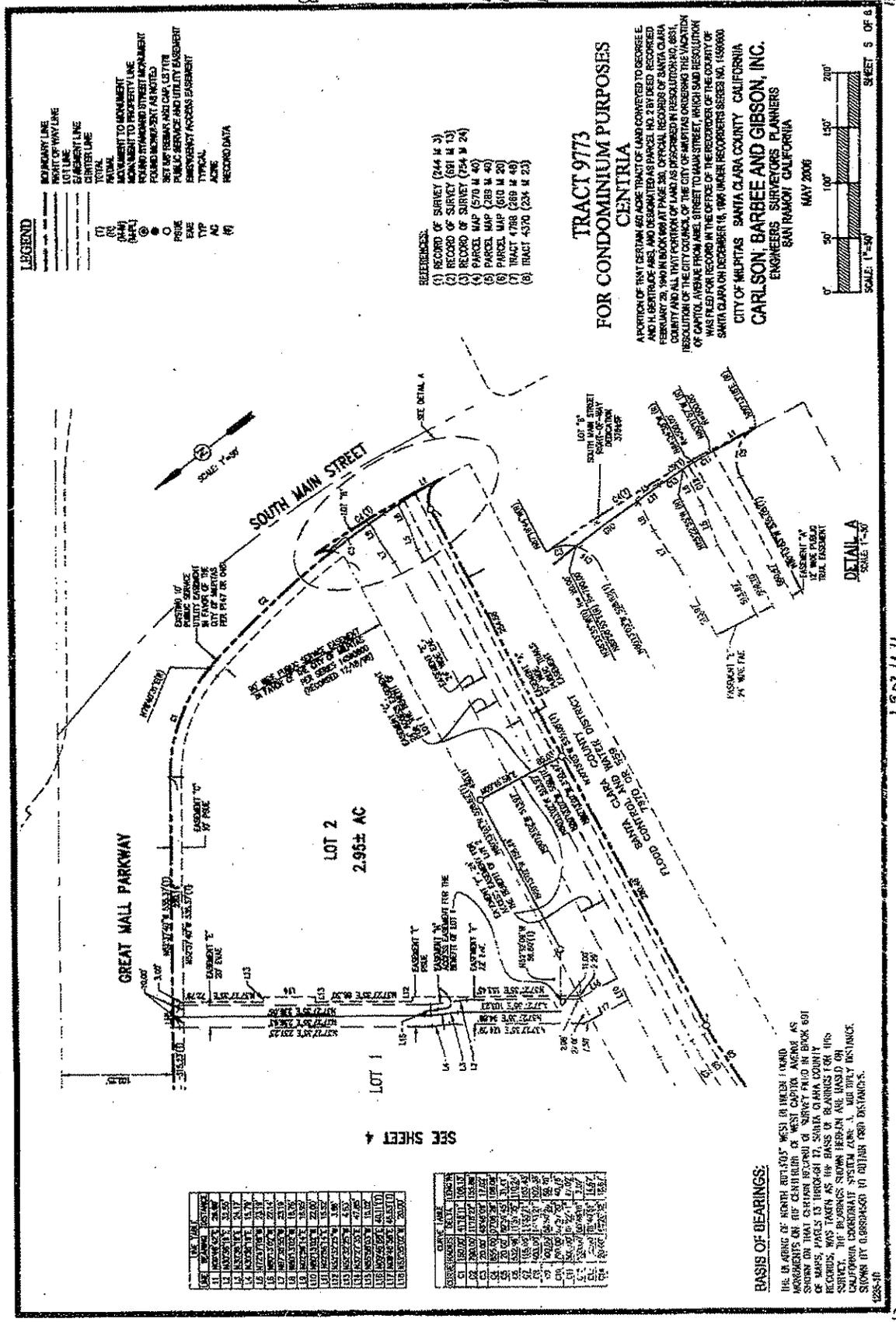
GREAT WALL PARKWAY

SOUTH ABEL STREET

SANTA CLARA COUNTY
 FLOOD CONTROL AND WATER DISTRICT
 7370 OR 558

LOT	AREA	VOLUME
1	0.0000	0.0000
2	0.0000	0.0000
3	0.0000	0.0000
4	0.0000	0.0000
5	0.0000	0.0000
6	0.0000	0.0000
7	0.0000	0.0000
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93	0.0000	0.0000
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95	0.0000	0.0000
96	0.0000	0.0000
97	0.0000	0.0000
98	0.0000	0.0000
99	0.0000	0.0000
100	0.0000	0.0000

7 9031611



LEGEND

- BOUNDARY LINE
- PORT OF WAY LINE
- LOT LINE
- PROPERTY LINE
- CENTER LINE
- TOTAL
- PAVING
- ALIGNMENT TO MONUMENT
- ALIGNMENT TO PROPERTY LINE
- FOUND BY STAMPEDE STREET MONUMENT
- FOUND BY STAMPEDE STREET MONUMENT
- SET UP FROM MAIN LOT CORNER
- PUBLIC SERVICE AND UTILITY EASEMENT
- EMERGENCY EGRESS EASEMENT
- TYPICAL
- ADJ.
- RECORD DATA

- REFERENCES:**
- (1) RECORD OF SURVEY (244 M 3)
 - (2) RECORD OF SURVEY (681 M 13)
 - (3) RECORD OF SURVEY (734 M 24)
 - (4) PARCEL MAP (570 M 49)
 - (5) PARCEL MAP (289 M 49)
 - (6) PARCEL MAP (610 M 20)
 - (7) TRACT 4788 (289 M 49)
 - (8) TRACT 4570 (234 M 23)

**TRACT 9773
 FOR CONDOMINIUM PURPOSES
 CENTRIA**

A PORTION OF TRACT CERTAIN 661 ACRES TRACT OF LAND CONVERTED TO GEORGE E. AND H. BEATRICE ABE'S AND DESIGNATED AS PARCEL NO. 2 BY DEED RECORDED FEBRUARY 29, 1949 IN BOOK 990 AT PAGE 380, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 0881 RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MURFIS (UNDER THE AUTHORITY OF CAPITOL BILL FROM WHEEL STREET TO WHEEL STREET, WHICH RESOLUTION WAS FILED FOR RECORD IN THE OFFICE OF THE COUNTY CLERK OF SANTA CLARA COUNTY ON DECEMBER 16, 1949 UNDER RECORDS SERIES NO. 1488800.

CITY OF MURFIS SANTA CLARA COUNTY CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
 ENGINEERS SURVEYORS PLANNERS
 SAN RAMON CALIFORNIA
 MAY 2006



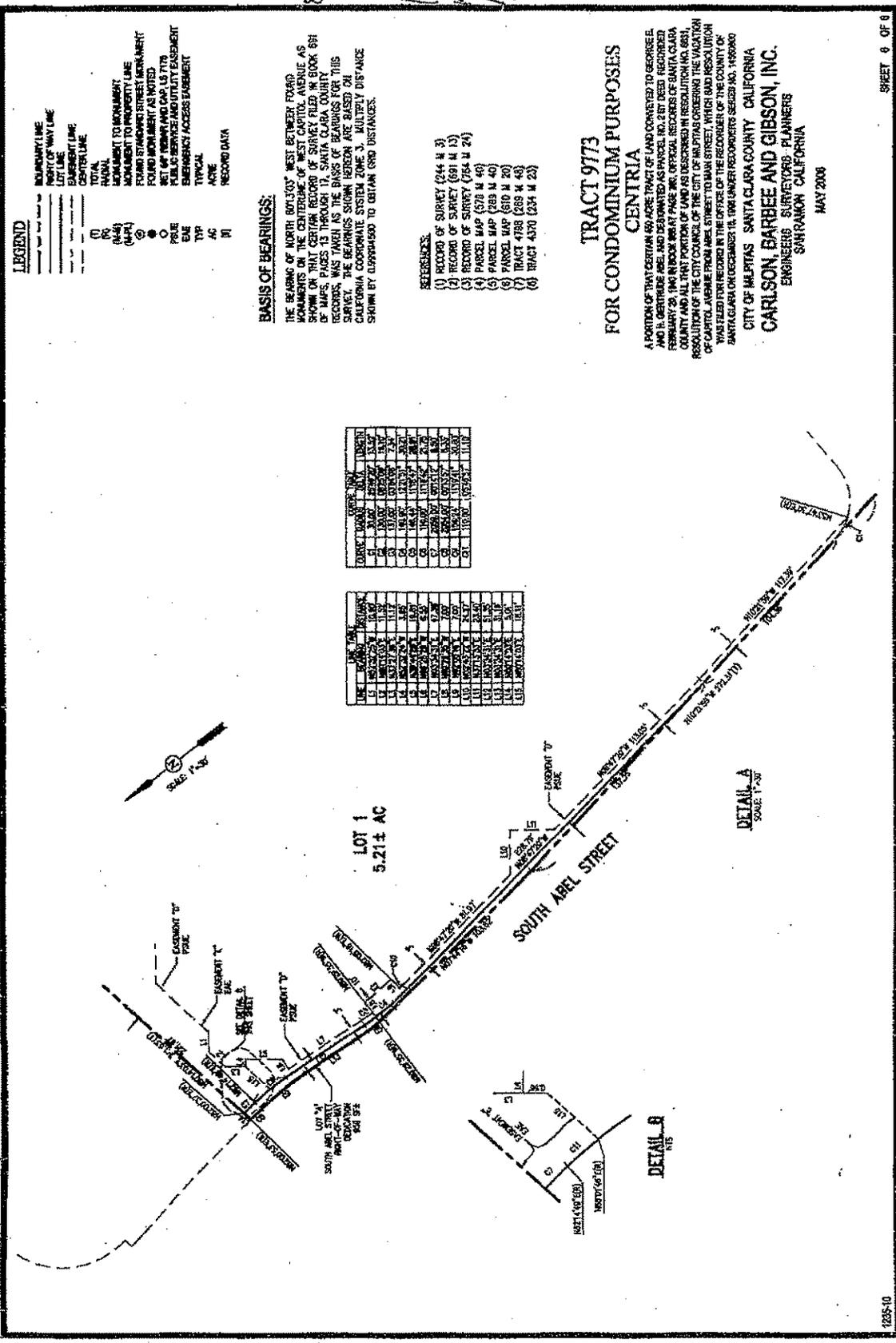
LINE	BEARING	DISTANCE
1	N 89° 59' 58" W	1.0000
2	S 89° 59' 58" E	1.0000
3	N 00° 00' 02" E	1.0000
4	S 00° 00' 02" W	1.0000
5	N 89° 59' 58" W	1.0000
6	S 89° 59' 58" E	1.0000
7	N 00° 00' 02" E	1.0000
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100	S 00° 00' 02" W	1.0000

LINE	BEARING	DISTANCE
1	N 89° 59' 58" W	1.0000
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80	S 00° 00' 02" W	1.0000
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97	N 89° 59' 58" W	1.0000
98	S 89° 59' 58" E	1.0000
99	N 00° 00' 02" E	1.0000
100	S 00° 00' 02" W	1.0000

BASIS OF BEARINGS:
 THE BEARINGS OF THESE LINES, WHICH ARE BEARINGS (ONWARD) ACCORDING TO THE METHOD OF THE STATE OF CALIFORNIA, ARE AS SHOWN ON THIS PLAT. THE BEARINGS OF THESE LINES, AS SHOWN ON THIS PLAT, WERE TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE BASED ON CALIFORNIA COORDINATE SYSTEM ZONE 10, NAD 83, WHICH IS SHOWN BY 0.0000000 TO OTHER GRID DISTANCES.

1903 (6/1)

SHEET 5 OF 6



LEGEND

BOUNDARY LINE
 RIGHT OF WAY LINE
 LOT LINE
 EASEMENT LINE
 CENTERLINE

TOTAL
 (1) (2)
 MONUMENT TO MONUMENT
 MONUMENT TO PROPERTY LINE
 FOUND STAMPOUT STREET EASEMENT
 FOUND MONUMENT AS NOTED
 SET OFF FROM AND CAP TO TYP
 PUBLIC SERVICE AND UTILITY EASEMENT
 EASEMENT ACCESS EASEMENT
 TYPICAL
 ACNE
 RECORD DATA

BASIS OF BEARINGS:
 THE BEARINGS OF NORTH 60.130° WEST BETWEEN FORWARD MONUMENTS ON THE CENTERLINE OF WEST CAPITOL AVENUE AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 891 OF MAPS, PAGES 13 THROUGH 17, SANTA CLARA COUNTY RECORDS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE THE BEARINGS OF CERTAIN MONUMENTS AND THE BEARINGS OF THE CENTERLINE OF WEST CAPITOL AVENUE AS SHOWN BY APPROXIMATED TO OBTAIN GRID DISTANCES.

- REFERENCES:**
- (1) RECORD OF SURVEY (244 M 3)
 - (2) RECORD OF SURVEY (691 M 13)
 - (3) RECORD OF SURVEY (754 M 24)
 - (4) PARCEL MAP (578 M 49)
 - (5) PARCEL MAP (289 M 40)
 - (6) PARCEL MAP (610 M 20)
 - (7) TRACT 4788 (269 M 43)
 - (8) TRACT 4370 (234 M 23)

**TRACT 9773
 CENTRIA
 FOR CONDOMINIUM PURPOSES**

A PORTION OF THAT CERTAIN 450 ACRE TRACT OF LAND CONVEYED TO GEORGE E. AND H. GERTHOLD ABELE AND DESIGNATED AS PARCEL NO. 267 DEED RECORDED FEBRUARY 20, 1940 IN BOOK 9847 PAGE 100, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 6881, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW, CALIFORNIA OF CAPITOL AVENUE FROM ABEL STREET TO MAIN STREET, WHICH SAID RESOLUTION WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 18, 1940 UNDER RECORDEES SERIES NO. 149860

CITY OF MOUNTAIN VIEW, SANTA CLARA COUNTY, CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
 ENGINEERS - SURVEYORS - PLANNERS
 SAN RAFAEL, CALIFORNIA
 MAY 2000

LINE NO.	BEARING	DISTANCE	AREA
1	N 60° 13' 00" W	111.17	11.17
2	S 89° 47' 00" E	111.17	11.17
3	N 0° 00' 00" E	111.17	11.17
4	S 89° 47' 00" E	111.17	11.17
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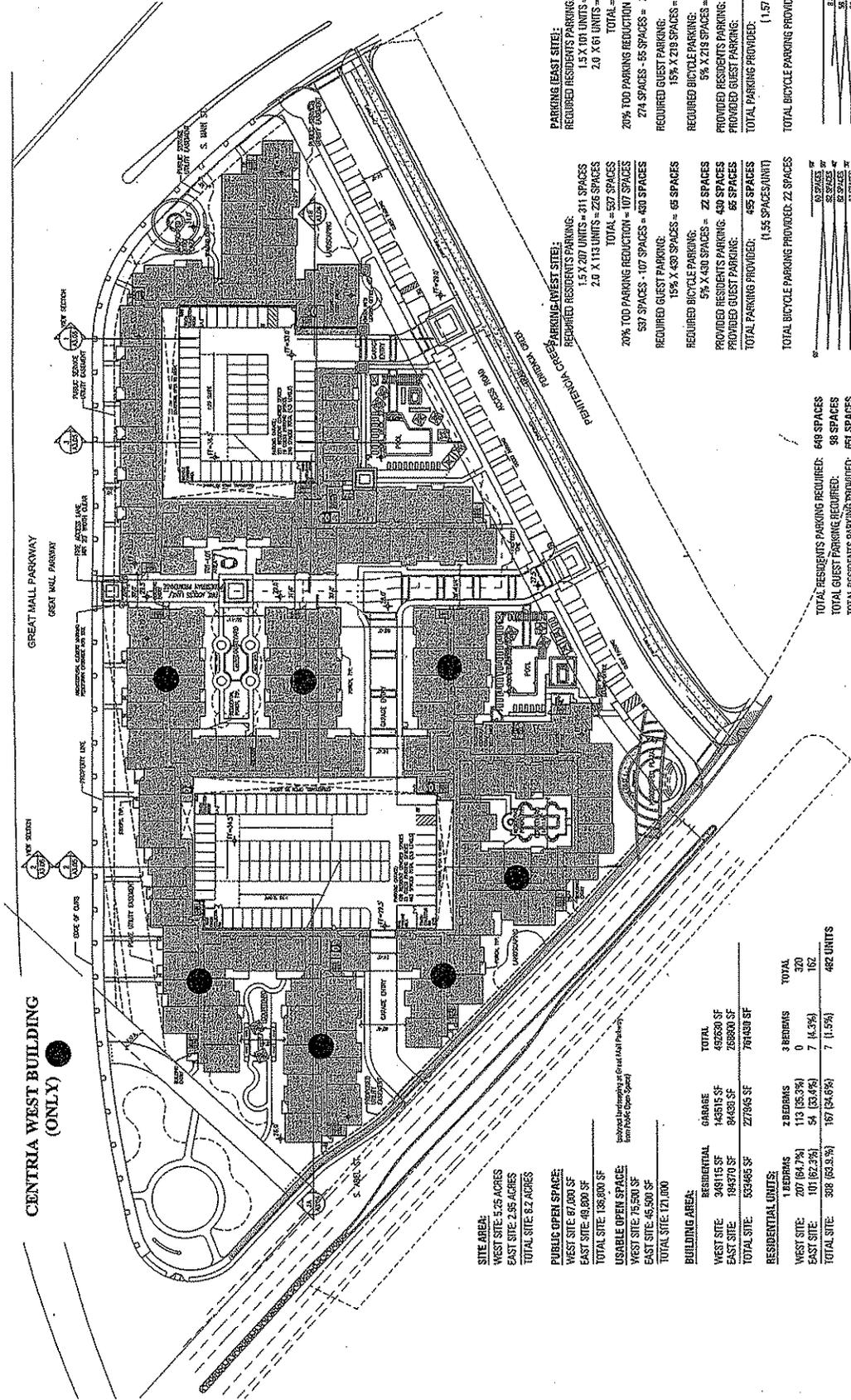
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11/21/01

ATTACHMENT NO. 2

MAP OF THE SITE

The Project is that structure labeled as “Centria West” building in the site map below.



**CENTRIA WEST BUILDING
(ONLY)**

SITE AREA:
 WEST SITE: 5.75 ACRES
 EAST SITE: 2.95 ACRES
 TOTAL SITE: 8.7 ACRES

PUBLIC OPEN SPACE:
 WEST SITE: 87,000 SF
 EAST SITE: 49,500 SF
 TOTAL SITE: 136,500 SF

USABLE OPEN SPACE:
 WEST SITE: 75,500 SF
 EAST SITE: 45,500 SF
 TOTAL SITE: 121,000 SF

Notes: 1. Building Footprint (Total Parking) 2. Breakdown of Open Space

BUILDING AREAS	RESIDENTIAL	GARAGE	TOTAL
WEST SITE:	3,491,15 SF	4,520 SF	3,495,67 SF
EAST SITE:	1,943,70 SF	2,980 SF	1,946,68 SF
TOTAL SITE:	5,434,85 SF	7,500 SF	5,442,35 SF

RESIDENTIAL UNITS:	1 BEDRMS	2 BEDRMS	3 BEDRMS	TOTAL
WEST SITE:	207 (64.7%)	113 (35.3%)	0	320
EAST SITE:	101 (62.3%)	54 (33.4%)	7 (4.3%)	162
TOTAL SITE:	308 (56.5%)	167 (30.6%)	7 (1.3%)	482 UNITS

UNIT DENSITY:
 TOTAL SITE: 56.78 UNITS/ACRE

PARKING (WEST SITE):
 REQUIRED RESIDENTS PARKING:
 1.5 X 207 UNITS = 311 SPACES
 2.0 X 113 UNITS = 226 SPACES
 TOTAL = 537 SPACES
 20% TOD PARKING REDUCTION = 107 SPACES
 537 SPACES - 107 SPACES = 430 SPACES
 REQUIRED GUEST PARKING:
 15% X 430 SPACES = 65 SPACES
 REQUIRED BICYCLE PARKING:
 5% X 430 SPACES = 22 SPACES
 PROVIDED RESIDENTS PARKING: 430 SPACES
 PROVIDED GUEST PARKING: 65 SPACES
 TOTAL PARKING PROVIDED: 495 SPACES
 (1.55 SPACES/UNIT)
 TOTAL BICYCLE PARKING PROVIDED: 22 SPACES

PARKING (EAST SITE):
 REQUIRED RESIDENTS PARKING:
 1.5 X 101 UNITS = 152 SPACES
 2.0 X 61 UNITS = 122 SPACES
 TOTAL = 274 SPACES
 20% TOD PARKING REDUCTION = 55 SPACES
 274 SPACES - 55 SPACES = 219 SPACES
 REQUIRED GUEST PARKING:
 15% X 219 SPACES = 33 SPACES
 REQUIRED BICYCLE PARKING:
 5% X 219 SPACES = 11 SPACES
 PROVIDED RESIDENTS PARKING: 221 SPACES
 PROVIDED GUEST PARKING: 34 SPACES
 TOTAL PARKING PROVIDED: 255 SPACES
 (1.57 SPACES/UNIT)
 TOTAL BICYCLE PARKING PROVIDED: 12 SPACES

TYPE	SPACES
RESIDENTS PARKING	495
GUEST PARKING	99
BICYCLE PARKING	34
TOTAL	628

TYPE	SPACES
RESIDENTS PARKING	430
GUEST PARKING	65
BICYCLE PARKING	22
TOTAL	517

TOTAL RESIDENTS PARKING REQUIRED: 648 SPACES
 TOTAL GUEST PARKING REQUIRED: 98 SPACES
 TOTAL RESIDENTS PARKING PROVIDED: 495 SPACES
 TOTAL GUEST PARKING PROVIDED: 34 SPACES

A1.01

PLANNING & ZONING APPLICATION SUBMITTAL

Site Plan
 April 20, 2005

0 80
 Scale: 1" = 40'-0"



ATTACHMENT NO. 3

SCOPE OF DEVELOPMENT
(PROJECT DESCRIPTION, CONCEPTUAL SITE PLAN & ELEVATIONS)

The Project shall be developed substantially in accordance with all of the terms and conditions applicable to Vesting Major Tentative Tract Map (MA 2005-4) Site, Architecture Review (SZ 2004-9) and Use Permit No. UP 2005-3, as approved by the City Council of the City of Milpitas on August 16, 2005, as said permits may be amended from time to time. In the event of any inconsistency between the description of the Project set forth in the narrative provisions of this Agreement and in said entitlements, the entitlements shall govern and control except with respect to the requirement to provide affordable units as set forth in this Agreement and any other applicable Regulatory Agreements.

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

Action	Date
1. Agency executes and delivers Agreement to Participant.	Within one (1) week after Agency Board of Directors approves Agreement.
2. Participant submits application(s) to City and obtains City approval of all discretionary land use entitlements for Project (Section 207 and Att. No. 3).	Completed.
3. Participant submits application(s) to City for all permits required for demolition and clearance of any existing improvements on the Site, excavation and grading, site improvements, and construction of Project, including without limitation any required encroachment and grading permits (Section 207).	No later than fourteen (14) months after Effective Date.
4. Agency and Participant execute and record Regulatory Agreement against the Site (Section 219).	Prior to issuance of first building permit for the residential building at the Project.
5. Intentionally Omitted.	
6. Participant exercises reasonable diligence, with Agency's cooperation, in effort to obtain City approval of all permits required for construction of Project (Item 3 above) (Sections 205 and 207).	As soon as reasonably practicable after applications are submitted.
7. Participant pays applicable permit fees and commences construction of Project. (Sections 203, 207, and 208.)	Subject to Section 503, within sixty (60) days after City and other governmental agencies with jurisdiction issue all required permits.
8. Intentionally Omitted.	
9. Intentionally Omitted.	
10. Marketing of Restricted Units to commence (Section 1.7 of Regulatory	Concurrently with marketing of market-rate units.

Action	Date
Agreement).	
11. Subject to Section 503, Participant completes construction of Project and exercises best efforts to obtain all final inspections from City and initial acceptance of any public improvements to be constructed/installed by Participant (Sections 203, 207, and 208).	No later than thirty-six (36) months after commencement of construction (Item No. 7).
12. Agency issues and records Certificate of Completion (Section 218).	Within the time provided in Section 218.
13. Intentionally Omitted.	

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of this Agreement, including without limitation Section 503. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text. In the event of any conflict or inconsistency between this Schedule and the text of this Agreement, the text shall govern.

ATTACHMENT NO. 5

FORM OF REGULATORY AGREEMENT

[§100] SUBJECT OF AGREEMENT	2
[§101] Purpose of This Agreement.....	2
[§102] The Redevelopment Plan.....	2
[§103] The Project Area.....	2
[§104] The Site.....	2
[§105] Agency.....	2
[§106] Participant/Owner of the Site.....	3
[§107] Transfer and Assignment.....	3
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[§201] Development of the Project by Participant.....	7
[§202] Agency Financial Assistance.....	7
[§203] Scope of Development/Time of Construction.....	7
[§204] Commencement of Construction Pursuant to Plans; Agency Approval of Dispersal Plan for Restricted Units.....	7
[§205] City Review of Plans, Drawings, and Related Documents.....	7
[§206] Cost of Construction.....	7
[§207] City and Other Governmental Agency Permits and Fees.....	7
[§208] Construction Schedule.....	8
[§209] Insurance.....	8
[§210] Hazardous Materials.....	9
[§211] Local, State, and Federal Laws.....	10
[§212] Anti-discrimination During Construction.....	10
[§213] Taxes, Assessments, Encumbrances, and Liens.....	10
[§214] Encumbrances, Deeds of Trust, and Other Financing.....	10
[§215] Permitted Mortgagee Not Obligated to Construct.....	11
[§216] Notice of Default to Permitted Mortgagee; Right to Cure.....	11
[§217] Right of Agency to Cure Defaults.....	11
[§218] Certificate of Completion.....	12
[§219] Regulatory Agreement.....	13
[§220] Rights of Access.....	13
III. [§300] USE OF THE SITE.....	13
[§301] General Use of the Site.....	13
[§302] Obligation to Refrain from Discrimination.....	13
[§303] Effect and Duration of Covenants.....	13
IV. [§400] DEFAULT, REMEDIES.....	14
[§401] Defaults; No Cross-Defaults.....	14
[§402] Legal Actions.....	15
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 [§501] Conflicts of Interest..... 15

 [§502] Non-liability of Agency and Participant Officials and Employees. 15

 [§503] Enforced Delay Extension of Times of Performance. 16

 [§504] Notices and Communications. 16

 [§505] No Third Party Beneficiaries. 17

 [§506] Modifications. 17

 [§507] Binding Effect of Agreement. 17

 [§508] Assurances to Act in Good Faith; Approvals and Consents. 17

 [§509] Severability. 18

 [§510] Interpretation. 18

 [§511] Entire Agreement. 18

 [§512] Waiver. 18

 [§513] Agency Indemnity of City. 18

 [§514] Counterparts. 19

 [§515] Authority. 19

 [§516] Estoppels. 19

 [§517] Litigation. 19

 [§518] Relationship of Parties. 20

 [§519] Administration of Agreement. 20

 [§520] Exhibits. 20

VI. [§ 600] TIME FOR EXECUTION OF AGREEMENT BY AGENCY 20

ATTACHMENTS

- 1 LEGAL DESCRIPTION OF THE SITE
- 2 MAP OF THE SITE
- 3 SCOPE OF DEVELOPMENT
- 4 SCHEDULE OF PERFORMANCE
- 5 FORM OF REGULATORY AGREEMENT
- 6 AGENCY FINANCIAL ASSISTANCE

Recording requested by
and when recorded mail to:

Redevelopment Agency of the City of Milpitas
455 East Calaveras Milpitas, CA 95035
Attention: Executive Director

EXEMPT FROM RECORDING FEES
PER GOVERNMENT CODE 6103 27383

Space above this line for Recorder's use.

**AFFORDABLE HOUSING REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

BY AND BETWEEN

REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS
a public body, corporate and politic

and

LYON MILPITAS, LLC
a Delaware limited liability company

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this "Agreement") is entered into effective as of July __, 2008 (the "Effective Date") by and between the Redevelopment Agency of the City of Milpitas, a public body, corporate and politic (the "Agency") and Lyon _____ LLC, a Delaware limited liability company ("Owner"). Agency and Owner are hereinafter collectively referred to as the "Parties."

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.) ("CRL"), the Agency has responsibility to implement the redevelopment plan adopted for the Milpitas Redevelopment Project Area No.1 (the "Project Area") by the City Council of the City of Milpitas, California (the "City") by Ordinance No. 192 on September 21, 1976, and subsequently amended and restated on June 17, 2003 by Ordinance No. 192.14 (as so amended and restated, and subsequently further amended, the "Redevelopment Plan").

B. Owner has purchased or has the contractual right to purchase certain real property known as APN 086-01-042 located at the intersection of Murphy Ranch Road and Technology Drive in the City of Milpitas, California and more particularly described in Exhibit A attached hereto (the "Property").

C. Owner intends to construct, own and operate on the Property a three hundred twenty-seven(327) unit multifamily housing development (the "Project") in which, pursuant to this Agreement, sixty-seven (67) units (the "Restricted Units") will be restricted for occupancy by very low, low, and moderate-income households at affordable rent for a period of not less than 55 years.

D. Pursuant to Health and Safety Code Section 33413(b)(2)(A)(i), specified percentages of all new and substantially rehabilitated dwelling units developed in redevelopment project areas in the City must be available at affordable housing cost to persons and families of low-or moderate-income and to very low-income households, and such requirements must be set forth in recorded covenants running with the land, enforceable by the City or the Agency. To satisfy this requirement the Agency may enter into an agreement to restrict units outside the Project Area at an affordable housing cost to persons and families of low-or moderate-income and to very low-income households pursuant to Section 33413(b)(2)(A)(ii). This Agreement is intended to implement this requirement of law, and to cause the Restricted Units to be eligible for redevelopment housing production credit pursuant to Sections 33413(b)(2)(A)(i) and (ii).

E. The Parties have agreed to enter into and record this Agreement in order to satisfy the conditions described in the foregoing Recitals. The purpose of this Agreement is to regulate and restrict the occupancy and rents of the Project's Restricted Units for the benefit of the Project occupants. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner's successors and assigns for the full term of this Agreement.

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Definitions. The following terms have the meanings set forth in this Section *wherever* used in this Agreement or the attached exhibits.

"Affordable Housing Cost" shall be as defined in California Health and Safety Code Section 50052.5 or any successor thereto, and the regulations promulgated thereunder, as adjusted for household size and unit size. If the statute is no longer in effect and no successor statute is enacted, "Affordable Housing Cost" will as defined in Health and Safety Code section 50052.5 as it read at the time of its repeal.

"Area Median Income" or "AMI" means the area median income for Santa Clara County, California, adjusted for household size, determined periodically by the California Department of Housing and Community Development ("**HCD**") (as published in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c). If HCD ceases to make such determination, Area Median Income shall be the median income applicable to Santa Clara County, with adjustments for household size, as determined from time to time by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to the United States Housing Act of 1937 as amended, or such other method of median income calculation applicable to the City of Milpitas that HUD may hereafter adopt in connection with such Act.

"Eligible Household" means a household for which gross household income upon initial occupancy does not exceed the maximum income level for a Restricted Unit as specified in Subsection 2.1 and Exhibit B.

"Eligible Purchaser" means a prospective purchaser of a Restricted Ownership Unit who has been pre-qualified by the Agency or its designee and who satisfies all of the following requirements:

(a) Gross Income for the prospective purchaser's household for the full calendar year immediately preceding the date of purchase does not exceed 120% of the Area Median Income.

(b) The prospective purchaser intends to occupy the Restricted Ownership Unit as his or her principal residence.

(c) The prospective purchaser does not own any other residential real property at the time of the purchase.

(d) The prospective purchaser meets all other applicable eligibility requirements of the Agency in effect at the time of the purchase.

"Gross Income" shall have the meaning ascribed to such term in 25 Cal. Code of Regulations Section 6914.

"Low-Income" means an annual gross household gross income of greater than fifty percent (50%) of Area Median Income, but not greater than eighty percent (80%) of Area Median Income, adjusted for household size.

"Moderate-Income" means an annual household gross income of not greater than 120% of the Area Median Income, adjusted for household size.

"Qualifying Rent" means a monthly rent that does not exceed one-twelfth (1/12th) of the following, less a utility allowance and such other adjustments as required pursuant to California Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*):

For *Very* Low-Income Households: 30% *times* 50% of Area Median Income, adjusted for family size appropriate for the unit.

For Low-Income Households: 30% times 60% of Area Median Income, adjusted for family size appropriate for the unit.

For Moderate-Income Households: 30% times 110% of Area Median Income, adjusted for family size appropriate for the unit.

"Adjusted for family size appropriate for the unit" means the following:

- Studio units -one person
- One bedroom -two persons
- Two bedroom -three persons
- Three bedroom -four persons
- Four bedroom -five persons

"Regulations" means Title 25 of the California Code of Regulations.

"Rent Restricted" means the gross rent charged for an applicable Restricted Rental Unit does not exceed the Qualifying Rent for the applicable household income category as adjusted for family size appropriate for the unit (as defined in this Section 1).

"Restricted Rental Unit" means a Restricted Unit that is reserved for occupancy at a Qualifying Rent by a Very Low-Income, Low-Income or Moderate-Income Household as adjusted for family size appropriate for the unit, in accordance with and as set forth in Sections 1, 2.1, 2.2 and Exhibit B.

Restricted Ownership Unit" means a Restricted Unit that is reserved for sale to an Eligible Purchaser in accordance with and as set forth in Sections 2.1 and 2.2 and Exhibits B and E.

“Restricted Unit” means a Restricted Ownership Unit or a Restricted Rental Unit.

"Very Low-Income" means an annual household gross income of not greater than fifty percent (50%) of Area Median Income, adjusted for household size.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for the construction and operation of a 327-unit multifamily housing development in compliance with the development approvals granted by the City of Milpitas, and the requirements set forth herein. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of Agency. Notwithstanding the foregoing or anything to the contrary contained herein, if the terms of financing for the Project require greater affordability restrictions than those imposed hereby, the requirements of such other financing shall prevail for the term thereof.

2.1 Affordability Requirements. For a term of fifty-five (55) years commencing upon the date of issuance of a final certificate of occupancy for the Project (the “Affordability Period”), sixty-seven (67) of the dwelling units in the Project shall be either Restricted Rental Units or Restricted Ownership Units and occupied (or if vacant, available for occupancy) by Eligible Households whose income does not exceed Very Low-, Low-or Moderate-Income in accordance with Exhibit B attached hereto and incorporated herein by this reference.

2.2 Restricted Units.

2.2.1 Location. The initial location of the Restricted Units shall be as stated on the dispersal plan attached to this Agreement as Exhibit D.

2.2.2 Restricted Rental Units. Rents for Restricted Rental Units shall be limited to Qualifying Rents. Notwithstanding the foregoing, no tenant qualifying for a Restricted Rental Unit shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's income increases to exceed the qualifying limit for such Restricted Rental Unit. A household which at initial occupancy qualifies as an Eligible Household shall be treated as continuing to be an Eligible Household of the same income category as initially established so long as the household's income does not exceed 140% of the applicable income limit. In the event the household income of an Eligible Household that qualified as Very Low-, Low-, or Moderate-Income at initial occupancy exceeds the applicable income limit for a unit, that unit will continue to be considered as satisfying the applicable income limit if the unit remains Rent-Restricted. In the event that re-certification of tenant income indicates that the number of Restricted Units actually occupied by Eligible Households falls below the number required as specified in Section 2.1 and Exhibit B, Owner shall rectify the condition by renting the next available unit(s) in the Project to Eligible Household(s) until the requirements of this Agreement are satisfied.

2.2.3 Restricted Ownership Units. Owner by and for itself and any successors in interest hereby covenants and agrees that each Restricted Ownership Unit thereon may only be sold to an Eligible Purchaser at an Affordable Housing Cost. Agency or its designee shall screen prospective purchasers to determine their eligibility. Agency and Owner shall market the Restricted Ownership Units to Eligible Purchasers. Each Eligible Purchaser shall be required to execute a Resale Restriction Agreement and Option to Purchase in substantially the form attached hereto as Exhibit E ("Resale Agreement") with the Agency. The Resale Agreement shall provide that the Agency shall have a right of first offer to purchase the Restricted Ownership Unit and an option to purchase such unit upon the occurrence of specified triggering events.

2.3 Unit Sizes, Design and Location. The Restricted Units shall consist of twenty-eight (28) one-bedroom units, thirty-six (36) two-bedroom units and three (3) three-bedroom units allocated among affordability categories as set forth in Exhibit B. In renting or selling Restricted Units, Owner shall give first preference to Eligible Households in which at least one member lives in the City of Milpitas, and second preference to Eligible Households in which at least one member works in the City of Milpitas, unless compliance with the foregoing criteria is prohibited by law or by state or federal sources of financing for the Project.

2.4 Reserved.

2.5 Sale of Units as Condominiums. Prior to the expiration of the Affordability Period, Owner may sell the Restricted Units as condominiums in phases. Owner covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof, that upon the sale of the Restricted Units as condominiums and thereafter, the Property shall remain subject to the uses specified in, and otherwise comply with the terms and conditions of, this Agreement. All uses conducted on the Property, including, without limitation, all activities undertaken by the Owner pursuant to this Agreement, shall conform to all applicable provisions of the City of Milpitas Municipal Code. Owner covenants and agrees to sell the Restricted Units at an Affordable Housing Cost. The sales contract for each Restricted Unit shall not exceed the Affordable Housing Cost. Once a Restricted Unit has been sold as a Restricted Ownership Unit, it shall no longer be considered a Restricted Rental Unit.

2.6 Non-Discrimination; Compliance with Fair Housing Laws.

2.6.1 Fair Housing. Owner shall comply with state and federal fair housing laws in the marketing and rental of the units in the Project. Owner shall accept as tenants of the Restricted Rental Unit, on the same basis as all other prospective tenants of the Restricted Rental Unit, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

2.6.2 Non-Discrimination. Owner covenants for itself and its successors and assigns that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project or the Property, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, occupancy of tenants, lessees, subtenants, sublessees or vendees in the Project. The foregoing covenants shall run with the land. All deeds, leases or contracts made or entered into by Owner its successors or assigns, as to any portion of the Property or the Project shall contain or be subject to substantially the following nondiscrimination and non-segregation language:

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

(b) In leases: "The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any persons or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, transfer, use, occupancy, tenure, or enjoyment of land, nor shall the transferee itself, or any person claiming under or through it, establish or permit any such practice or practices

of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of land."

3. Reporting Requirements.

3.1. Tenant Certification. Owner or Owner's authorized agent shall obtain from each household prior to initial occupancy of each Restricted Rental Unit, and on every anniversary thereafter, a written certificate stating total gross household income in such format and with such supporting documentation as Agency may reasonably require. Owner shall retain such certificates for not less than three (3) years, and upon Agency's request, shall provide copies of such certificates to Agency and make the originals available for Agency inspection.

3.2. Annual Report; Inspections. Until there are no longer any Restricted Rental Units at the Property, Owner shall submit an annual report ("Annual Report") to the Agency in form satisfactory to Agency, together with a certification that the Project is in compliance with the requirements of this Agreement. The Annual Report shall, at a minimum, include the following information for each Restricted Rental Unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of residents; and (vii) documentation of source of household income. Upon Agency's request, Owner shall include with the Annual Report, an income re-certification for each household occupying a Restricted Rental Unit, documentation verifying tenant eligibility, and such additional information as Agency may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by Agency; provided however, during such time that the Project is subject to a regulatory agreement restricting occupancy and/or rents pursuant to requirements imposed in connection with the use of federal low-income housing tax credits or tax-exempt financing, Owner may satisfy the requirements of this Section by providing Agency with a copy of compliance reports required in connection with such financing. Owner shall permit representatives of Agency to enter and inspect the Property and the Project during reasonable business hours in order to monitor compliance with this Agreement upon 24-hours advance notice of such visit to Owner or to Owner's management agent.

4. Term of Agreement.

4.1. Term of Restrictions. This Agreement shall remain in effect through the 55th anniversary of the issuance of the final certificate of occupancy for the Project. Upon request by either party after the issuance of said certificate of occupancy, the parties shall record an addendum to this Agreement setting forth the termination date.

4.2. Effectiveness Succeeds Conveyance of Property and Repayment of Loan. This Agreement shall remain effective and fully binding for the full term hereof regardless of (i) any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein, (i) any payment, prepayment or

extinguishment of any loan or note secured by the Property, or (iii) any reconveyance of the Deed of Trust, unless this Agreement is terminated earlier by Agency in a recorded writing.

4.3 Reconveyance. Upon the termination of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement upon the expiration of the term specified in Section 4 1.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Property and the Project to the covenants and restrictions set forth in this Agreement. The Agency and Owner hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of Owner and Agency, regardless of any sale, assignment, conveyance or transfer of the Property, the Project or any part thereof or interest therein. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Property or the Project (other than the tenants of the individual dwelling units within the Project) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or the Project or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to Agency an instrument in recordable form signed by the parties to such contract, deed, ground lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby. Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property and the Project in favor of Agency.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner shall be responsible for all management functions with respect to the Property and the Project, including without limitation the selection of tenants, certification and re-certification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Agency shall have no responsibility for management or maintenance of the Property or the Project.

6.2 Management Entity. Agency shall have the right to review and approve the qualifications of the management entity proposed by Owner for the Project, which approval shall not be unreasonably withheld. Agency agrees that Lyon Management

Group, Inc. and any affiliate of Owner is an approved management entity. The contracting of management services to a management entity shall not relieve Owner of its primary responsibility for proper performance of management duties.

6.3 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner, or its successors and assigns, shall at its own expense, maintain the Property and the Project in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Project and the Property (including without limitation, the residential units, common areas, landscaping, driveways, parking garage and walkways) in a condition free of all waste, nuisance, debris, un-maintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Owner shall provide adequate security services for occupants of the Project. Owner shall not be responsible for any such obligations arising after the Owner's sale or transfer of the Property.

6.3.1 Agency's Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 6.3, and such default continues for a period of ten (10) days after written notice from Agency (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from Agency (with respect to landscaping, building improvements and general maintenance), then Agency, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All costs expended by Agency in connection with the foregoing, shall constitute an indebtedness secured by the Deed of Trust, and shall be paid by Owner to Agency upon demand. All such sums remaining unpaid thirty (30) days following delivery of Agency's invoice therefor shall bear interest at the rate of 10% per annum.

6.4 Marketing and Management Plan. Not later than 180 days following issuance of building permits for the Project, Owner shall submit for Agency review and approval, a plan for marketing and managing the Property ("Marketing and Management Plan"). The Marketing and Management Plan shall address in detail how Owner plans to market the Restricted Units to prospective Eligible Households in accordance with fair housing laws and this Agreement, Owner's tenant selection criteria, and how Owner plans to certify the eligibility of Eligible Households. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Project tenants for the Restricted Rental Units. Owner shall abide by the terms of the Marketing and Management Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement, shall submit proposed modifications to Agency for its review and approval.

6.5 Approval of Amendments. If Agency has not responded to any submission of the Management and Marketing Plan, the proposed management entity, or a proposed amendment or change to any of the foregoing within 30 days following Agency's receipt of such plan, proposal or amendment, the plan, proposal or amendment shall be deemed approved by Agency.

6.6 Fees, Taxes, and Other Levies. Owner shall be responsible for payment of all fees, assessments, taxes, charges, liens and levies, including without limitation possessory interest taxes, if applicable, imposed by any public entity, authority or utility company with respect to the Property or the Project, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge so long as (a) Owner is contesting such charge in good faith and by appropriate proceedings, (b) Owner maintains reserves adequate to pay any contested liabilities, and (c) on final determination of the proceeding or contest, Owner immediately pays or discharges any decision or judgment rendered against it, together with all costs, charges and interest.

6.7 Insurance Coverage. Prior to issuance of building permits for the Project, and continuing throughout the term of this Agreement Owner shall comply with the insurance requirements set forth in Exhibit C, and shall, at Owner's expense, maintain in full force and effect insurance coverage as specified in Exhibit C; provided however, during such time that lenders or low-income housing tax credit investors providing financing for the Project impose insurance requirements that are inconsistent with the requirements set forth in Exhibit C, Owner may satisfy the requirements of this Section by meeting the requirements of such lenders or investors. Notwithstanding the foregoing, throughout the term hereof, Owner shall comply with the provisions of Exhibit C pertaining to (i) provision to Agency of proof of insurance for the Project, (ii) naming of Agency and the City of Milpitas as additional insureds, and (iii) provision to Agency of notice of cancellation or reduction in coverage.

6.8 Property Damage or Destruction. If any part of the Project is damaged or destroyed, Owner shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced within 120 days after the damage or loss occurs and shall be completed within one year thereafter, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders or low-income housing tax credit investors providing financing for the Project impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Recordation; No Subordination. This Agreement shall be recorded in the Official Records of Santa Clara County. Owner hereby represents, warrants and covenants that with the exception of easements of record, absent the written consent of Agency, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Property or the Project. If at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against the Project in position superior to this Agreement, upon the request

of Agency, Owner hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section 7, and to provide such evidence thereof as Agency may reasonably request.

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer and Encumbrance. During the term of this Agreement, except as permitted under this Agreement, Owner shall not directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, "Transfer") of the whole or any part of the Property, the Project, or the Improvements, without the prior written consent of the Agency.

8.2 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions on Transfer set forth herein shall not be deemed to prevent: (i) the granting of temporary easements or permits to facilitate development of the Property; (ii) the dedication of any property required pursuant to City entitlements, if any; (iii) the lease of individual dwelling units to tenants for occupancy as their principal residence in accordance with this Agreement; or (iv) assignments creating security interests for the purpose of financing the acquisition, construction or permanent financing of the Project or the Property, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest. In addition, Agency shall not withhold its consent to the sale, transfer or other disposition of the Project, in whole or in part, provided that (1) the Project is and shall continue to be operated in compliance with this Agreement; (2) the transferee expressly assumes all obligations of Owner imposed by this Agreement; (3) the transferee executes all documents reasonably requested by the Agency with respect to the assumption of the Owner's obligations under this Agreement, and upon Agency's request, delivers to the Agency an opinion of its counsel to the effect that such document and this Agreement are valid, binding and enforceable obligations of such transferee; and (4) either (A) the transferee has at least three years' experience in the ownership, operation and management of low-income rental housing projects of similar size to that of the Project, without any record of material violations of nondiscrimination provisions or other state or federal laws or regulations applicable to such projects, or (B) the transferee agrees to retain a property management firm with the experience and record described in subclause (A). Consent to any proposed Transfer may be given by the Agency's Executive Director unless the Executive Director, in his or her discretion, refers the matter of approval to the Agency's governing board. If a proposed Transfer has not been approved by Agency in writing within thirty (30) days following Agency's receipt of written request by Owner, it shall be deemed rejected. Notwithstanding the foregoing, the consent of the Agency shall not be required to transfer condominiums, provided that the buyer of an Restricted Ownership Unit executes a Resale Agreement in the form of Exhibit E and such Resale Agreement is recorded concurrently with the transfer of the condominium, and the transfer complies with the other applicable restrictions set forth in this Agreement.

8.3 Encumbrances. Owner agrees to use commercially reasonable efforts to ensure that any deed of trust secured by the Project for the benefit of a lender other than Agency ("Third Party Lender") shall contain each of the following provisions: (i) Third-Party Lender shall use its commercially reasonable efforts to provide to Agency a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner (provided however, the failure to do so shall not impair such Third-Party Lender's rights and remedies); (ii) Agency shall have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure extended by an additional 60 days; Owner agrees to provide to Agency a copy of any notice of default Owner receives from any Third-Party Lender within three (3) business days following Owner's receipt thereof.

8.4 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of, any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, Agency shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

9. Default and Remedies.

9.1 Events of Default. The occurrence of anyone or more of the following events shall constitute an event of default hereunder ("Event of Default"):

- (a) The occurrence of a Transfer in violation of Section 8 hereof;
- (b) Owner's failure to maintain insurance on the Property and the Project as required hereunder, and the failure of Owner to cure such default within 10 days.
- (c) Subject to Owner's right to contest the following charges, Owner's failure to pay taxes or assessments due on the Property or the Project or failure to pay any other charge that may result in a lien on the Property or the Project, and Owner's failure to cure such default within 10 days.
- (d) Owner's default in the performance of any term, provision or covenant under this Agreement (other than an obligation enumerated in this Subsection 9.1), and unless such provision specifies a shorter cure period for such default, the continuation of such default for ten (10) days in the event of a monetary default or thirty (30) days in the event of a non-monetary default following the date upon which Agency shall have given written notice of the default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within 30 days, Owner's failure to commence to cure the default within thirty (30) days and thereafter prosecute the curing of such default with due diligence and in good faith, but in no event longer than 60 days

from receipt of the notice of default. Owner's investors and lenders shall have the right to cure any default of Owner hereunder upon the same terms and conditions afforded to Owner. Provided that Agency has been given written notice of the address for delivery of notices to such investors and lenders, Agency shall provide any notice of default hereunder to such parties concurrently with the provision of such notice to Owner, and as to such parties, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Subsection 11.3.

9.2 Remedies. If within the applicable cure period, Owner fails to cure a default or fails to commence to cure and diligently pursue completion of a cure, as applicable, or if a cure is not possible, Agency may proceed with any of the following remedies:

(a) Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;

(b) For violations of obligations with respect to rents for Restricted Units, impose as liquidated damages a charge in an amount equal to the actual amount collected in excess of the Qualifying Rent;

(c) Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. The Agency may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnity. Owner shall indemnify, defend (with counsel approved by Agency) and hold Agency, the City, and their respective elected and appointed officers, officials, employees, agents, and representatives (collectively, the "Indemnitees") harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, judgment, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "Claims") arising directly or indirectly, in whole or in part, as a result of or in connection with (i) Owner's development or management of the Property and the Project, or (ii) Owner's failure to perform any obligation as and when required by this Agreement. Owner's indemnification obligations under this Section 10 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement. It is further agreed that Agency does not and shall not waive any rights against Owner that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by Agency, or the deposit with Agency by Owner, of any of the insurance policies described in this Agreement.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by Agency of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by Agency to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by Agency at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service; or (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

Agency: Redevelopment Agency of the City of Milpitas
 455 East Calaveras
 Milpitas, CA 95035
 Attention: Executive Director
 Facsimile: () -

Owner: Lyon Milpitas, LLC
 4901 Birch Street
 Newport Beach, CA 90802
 Attention: Frank T. Suryan, Jr.
 Facsimile: (949) 838-1225

Copy: Madden, Jones, Cole & Johnson
111 W. Ocean Blvd., Suite 1300
Long Beach, CA 90802
Attention: Steven A. Jones
Facsimile: (562) 590-7909

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.6 Action by the Agency. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the Agency is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the Agency Executive Director or by any person who shall have been designated by the Agency Executive Director, without further approval by the governing board of the Agency.

11.7 Non-Liability of Agency and Agency Officials, Employees and Agents. No member, official, employee or agent of the Agency or the City of Milpitas shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the Agency, or for any amount of money which may become due to Owner or its successor or for any obligation of Agency under this Agreement.

11.8 Headings' Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

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

11.10 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. The exhibits attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

LYON MILPITAS LLC,
a Delaware limited liability company

By: LYON HORTON PORTFOLIO INVESTORS, LLC,
A Delaware limited liability company, Its Sole Member

BY: LYON HOUSING (Horton Portfolio) XXXIX, LLC ,
A Delaware limited liability company, Its Managing Member

By: _____
Name: _____
Its: _____

REDEVELOPMENT AGENCY
OF THE CITY OF MILPITAS

By:
Thomas C. Williams, Executive Director

ATTEST:

By:
Mary Lavelle, Agency Secretary

APPROVED AS TO FORM:

By:
Agency Counsel

SIGNATURES MUST BE *NOTARIZED*.

Exhibit A
PROPERTY

(Attach legal description.)

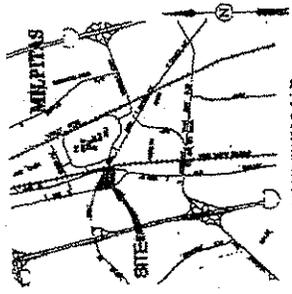
LEGAL DESCRIPTION

Attachment No. "1"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MILPITAS , COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lot 1, as shown on that certain Map entitled, "Tract No. 9773 Centria", which was filed in the office of the Recorder of the County of Santa Clara, State of California on July 24, 2006 in Book 804 of Maps, pages 9 through 14.

APN: 086-12-021



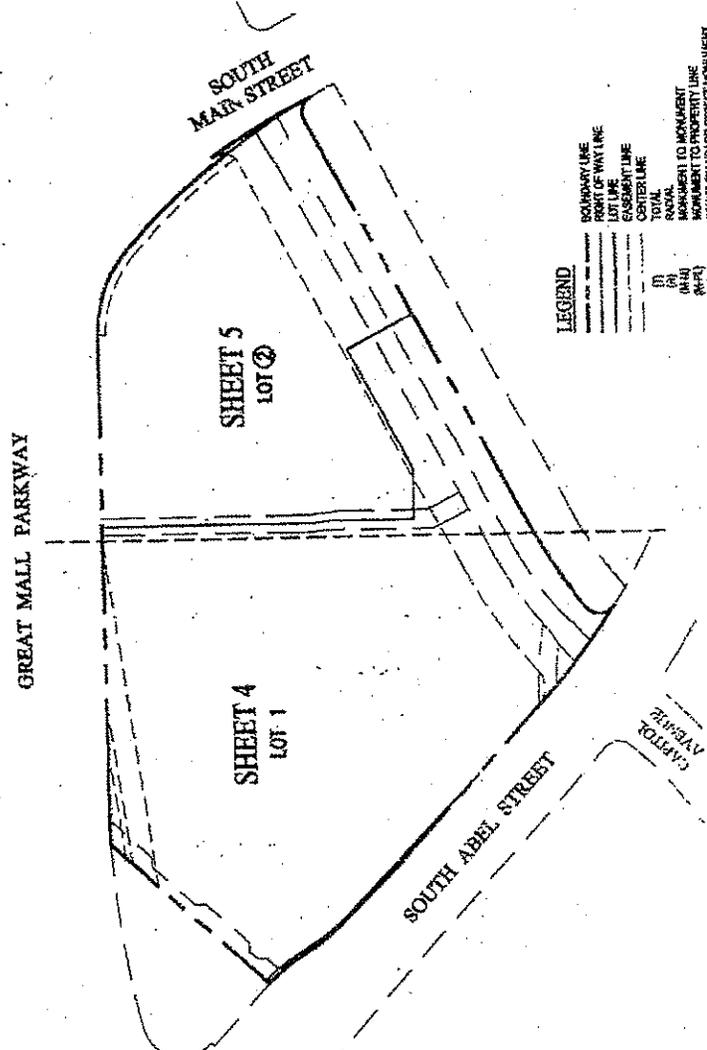
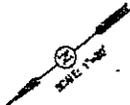
- REFERENCES:
- (1) RECORD OF SURVEY (244 M 2)
 - (2) RECORD OF SURVEY (881 M 2)
 - (3) RECORD OF SURVEY (754 M 2)
 - (4) PARCEL MAP (570 M 40)
 - (5) PARCEL MAP (289 M 49)
 - (6) PARCEL MAP (610 M 20)
 - (7) TRACT 4788 (269 M 48)
 - (8) TRACT 4370 (234 M 23)

TRACT 9773
CENTRIA
FOR CONDOMINIUM PURPOSES

A PORTION OF WHAT IS, OR MAY BE, TRACT OF LAND CONVEYED TO GEORGE L. AND ILSETRUDE ABEL AND DESIGNATED AS PARCEL NO. 2 BY DEED RECORDED FEBRUARY 28, 1940 IN BOOK 881 AT PAGE 881, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 9801, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS ORDERING THE VIGNISH OF CAPITAL AVENUE FROM ABEL STREET TO MAIN STREET, WHICH SAID RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 14, 1982 UNDER RECORDING SERIES NO. 1688688

CITY OF MILPITAS SANTA CLARA COUNTY CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
ENGINEERS SURVEYORS PLANNERS
SAN RAMON CALIFORNIA

MAY 2008



LEGEND

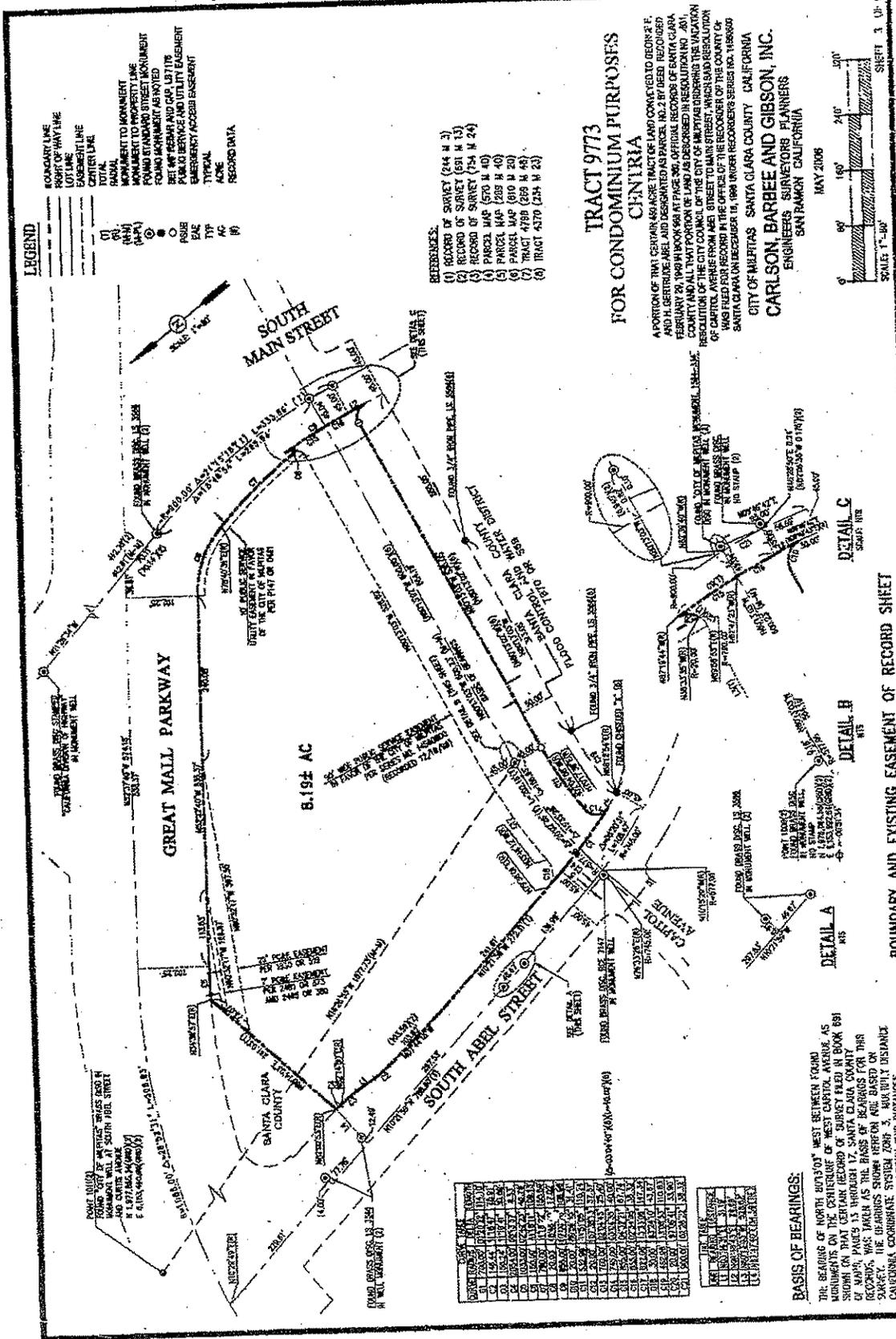
- BOUNDARY LINE
- RIGHT OF WAY LINE
- LOT LINE
- EASEMENT LINE
- CENTERLINE
- TOTAL
- SOIL LINE
- MONUMENT TO MONUMENT
- MONUMENT TO PROPERTY LINE
- FOUNTAIN MONUMENT
- FOUND MONUMENT AS NOTED
- SET BY REBAR AND CAP 18 7/16
- PARCEL EGRESS AND UTILITY EGRESS
- EMERGENCY ACCESS EGRESS
- TYPICAL
- ACRE
- RECORD DATA

BASIS OF BEARINGS:

THE BEARING OF NORTH 80°15'00" WEST BY WHICH FOUND MONUMENTS ON THE CHAINLINE OF WEST CAPITOL AVENUE AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA COUNTY, CALIFORNIA, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS OF THE CHAINLINE ARE BASED ON CALIFORNIA COAST AND GEODETIC SYSTEM ZONE 3. HORIZONTAL DISTANCE SHOWN ON THIS PLAN IS TO WITHIN 1/800 DISTANCES.

INDEX SHEET

19037611



LEGEND

- BOUNDARY LINE
- LINE THAT THE
- TOULINE
- EASEMENT LINE
- CENTERLINE
- TOTAL
- ADJACENT
- MONUMENT TO MONUMENT
- MONUMENT TO EASEMENT
- MONUMENT TO STREET MONUMENT
- CONV. MONUMENT AS NOTED
- BEET INSURANCE AND CAP. UTILITY
- PUBLIC UTILITY AND UTILITY EASEMENT
- EMERGENCY ACCESS EASEMENT
- TYPICAL
- ACRE
- RECORD DATA

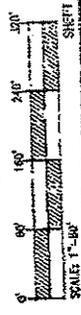
- (1) (M)
- (2) (M)
- (3) (M)
- (4) (M)
- (5) (M)
- (6) (M)
- (7) (M)
- (8) (M)

- REFERENCES:**
- (1) RECORD OF SURVEY (244 M 2)
 - (2) RECORD OF SURVEY (581 M 13)
 - (3) RECORD OF SURVEY (754 M 24)
 - (4) PARCEL MAP (570 M 40)
 - (5) PARCEL MAP (285 M 40)
 - (6) PARCEL MAP (810 M 20)
 - (7) TRACT 4788 (285 M 48)
 - (8) TRACT 4370 (254 M 23)

**TRACT 9773
CIENERRA**
FOR CONDOMINIUM PURPOSES

A PORTION OF THAT CERTAIN 450-ACRE TRACT OF LAND COMPREHENDED DEEDS F.F. AND H. BERTHOUD, LABEL AND DESIGNATED AS PARCELS NO. 2 BY DEED RECORDED FEBRUARY 20, 1969 IN BOOK 988 AT PAGE 387, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 123, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOSE, CALIFORNIA, THE VALIDATION OF WHICH AVERSES FROM ABEL STREET TO THE RECORDED IN THE COUNTY OF SANTA CLARA, CALIFORNIA, DECEMBER 16, 1984 UNDER RECORDER'S SERIES NO. 1486800 CITY OF SAN JOSE, SANTA CLARA COUNTY, CALIFORNIA

CARLSON BARBEE AND GIBSON, INC.
ENGINEERS SURVEYORS PLANNERS
SAN FRANCISCO, CALIFORNIA
MAY 2008



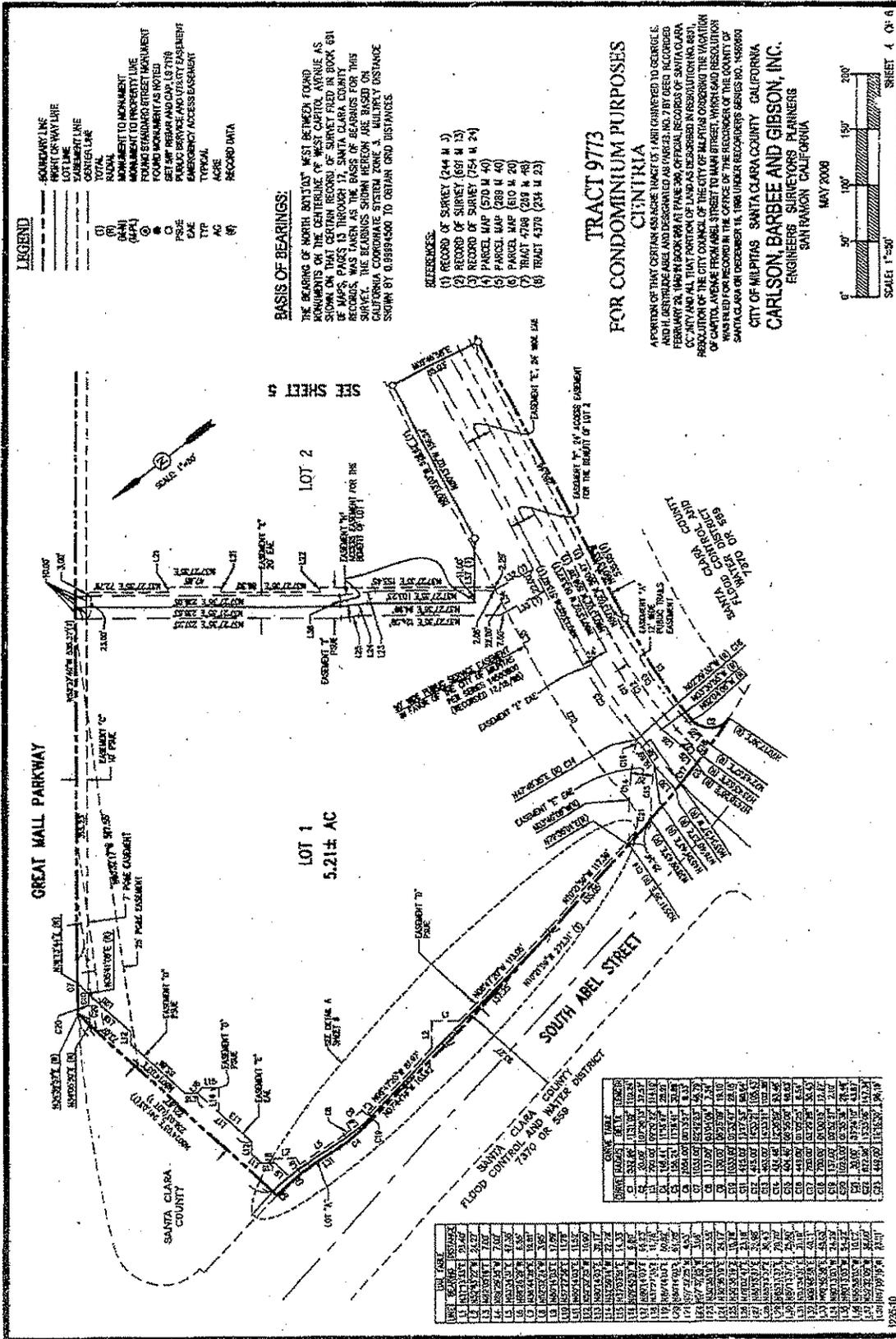
SHEET 3 OF 4

BOUNDARY AND EXISTING EASEMENT OF RECORD SHEET

79 03/16/11

LINE NO.	BEARING	DISTANCE	AREA
1	N 89° 00' 00" W	100.00	100.00
2	S 89° 00' 00" E	100.00	100.00
3	S 00° 00' 00" E	100.00	100.00
4	N 89° 00' 00" W	100.00	100.00
5	S 89° 00' 00" E	100.00	100.00
6	S 00° 00' 00" E	100.00	100.00
7	N 89° 00' 00" W	100.00	100.00
8	S 89° 00' 00" E	100.00	100.00
9	S 00° 00' 00" E	100.00	100.00
10	N 89° 00' 00" W	100.00	100.00
11	S 89° 00' 00" E	100.00	100.00
12	S 00° 00' 00" E	100.00	100.00
13	N 89° 00' 00" W	100.00	100.00
14	S 89° 00' 00" E	100.00	100.00
15	S 00° 00' 00" E	100.00	100.00
16	N 89° 00' 00" W	100.00	100.00
17	S 89° 00' 00" E	100.00	100.00
18	S 00° 00' 00" E	100.00	100.00
19	N 89° 00' 00" W	100.00	100.00
20	S 89° 00' 00" E	100.00	100.00
21	S 00° 00' 00" E	100.00	100.00
22	N 89° 00' 00" W	100.00	100.00
23	S 89° 00' 00" E	100.00	100.00
24	S 00° 00' 00" E	100.00	100.00
25	N 89° 00' 00" W	100.00	100.00
26	S 89° 00' 00" E	100.00	100.00
27	S 00° 00' 00" E	100.00	100.00
28	N 89° 00' 00" W	100.00	100.00
29	S 89° 00' 00" E	100.00	100.00
30	S 00° 00' 00" E	100.00	100.00
31	N 89° 00' 00" W	100.00	100.00
32	S 89° 00' 00" E	100.00	100.00
33	S 00° 00' 00" E	100.00	100.00
34	N 89° 00' 00" W	100.00	100.00
35	S 89° 00' 00" E	100.00	100.00
36	S 00° 00' 00" E	100.00	100.00
37	N 89° 00' 00" W	100.00	100.00
38	S 89° 00' 00" E	100.00	100.00
39	S 00° 00' 00" E	100.00	100.00
40	N 89° 00' 00" W	100.00	100.00
41	S 89° 00' 00" E	100.00	100.00
42	S 00° 00' 00" E	100.00	100.00
43	N 89° 00' 00" W	100.00	100.00
44	S 89° 00' 00" E	100.00	100.00
45	S 00° 00' 00" E	100.00	100.00
46	N 89° 00' 00" W	100.00	100.00
47	S 89° 00' 00" E	100.00	100.00
48	S 00° 00' 00" E	100.00	100.00
49	N 89° 00' 00" W	100.00	100.00
50	S 89° 00' 00" E	100.00	100.00
51	S 00° 00' 00" E	100.00	100.00
52	N 89° 00' 00" W	100.00	100.00
53	S 89° 00' 00" E	100.00	100.00
54	S 00° 00' 00" E	100.00	100.00
55	N 89° 00' 00" W	100.00	100.00
56	S 89° 00' 00" E	100.00	100.00
57	S 00° 00' 00" E	100.00	100.00
58	N 89° 00' 00" W	100.00	100.00
59	S 89° 00' 00" E	100.00	100.00
60	S 00° 00' 00" E	100.00	100.00
61	N 89° 00' 00" W	100.00	100.00
62	S 89° 00' 00" E	100.00	100.00
63	S 00° 00' 00" E	100.00	100.00
64	N 89° 00' 00" W	100.00	100.00
65	S 89° 00' 00" E	100.00	100.00
66	S 00° 00' 00" E	100.00	100.00
67	N 89° 00' 00" W	100.00	100.00
68	S 89° 00' 00" E	100.00	100.00
69	S 00° 00' 00" E	100.00	100.00
70	N 89° 00' 00" W	100.00	100.00
71	S 89° 00' 00" E	100.00	100.00
72	S 00° 00' 00" E	100.00	100.00
73	N 89° 00' 00" W	100.00	100.00
74	S 89° 00' 00" E	100.00	100.00
75	S 00° 00' 00" E	100.00	100.00
76	N 89° 00' 00" W	100.00	100.00
77	S 89° 00' 00" E	100.00	100.00
78	S 00° 00' 00" E	100.00	100.00
79	N 89° 00' 00" W	100.00	100.00
80	S 89° 00' 00" E	100.00	100.00
81	S 00° 00' 00" E	100.00	100.00
82	N 89° 00' 00" W	100.00	100.00
83	S 89° 00' 00" E	100.00	100.00
84	S 00° 00' 00" E	100.00	100.00
85	N 89° 00' 00" W	100.00	100.00
86	S 89° 00' 00" E	100.00	100.00
87	S 00° 00' 00" E	100.00	100.00
88	N 89° 00' 00" W	100.00	100.00
89	S 89° 00' 00" E	100.00	100.00
90	S 00° 00' 00" E	100.00	100.00
91	N 89° 00' 00" W	100.00	100.00
92	S 89° 00' 00" E	100.00	100.00
93	S 00° 00' 00" E	100.00	100.00
94	N 89° 00' 00" W	100.00	100.00
95	S 89° 00' 00" E	100.00	100.00
96	S 00° 00' 00" E	100.00	100.00
97	N 89° 00' 00" W	100.00	100.00
98	S 89° 00' 00" E	100.00	100.00
99	S 00° 00' 00" E	100.00	100.00
100	N 89° 00' 00" W	100.00	100.00

BASIS OF BEARINGS:
THE BEARINGS OF NORTH 80°37'00" WEST BETWEEN FOUND MONUMENTS ON THE CENTERLINE OF WEST CAPITOL AVENUE, AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 881 OF MAPS, PAGES 15 THROUGH 17, SANTA CLARA COUNTY, CALIFORNIA, RECORDS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM, ZONE 10, AND HILLY DISTANCE SHOWN BY CROSSHAIR TO OBTAIN SHIP DISTANCES.



LEGEND

- BOUNDARY LINE
- PORT OF WAY LINE
- LOT LINE
- GENERAL LINE
- TOTAL
- ADJACENT
- MONUMENT TO MONUMENT
- MONUMENT TO PROPERTY LINE
- FOUND STRADDLING STREET INSTRUMENT
- CONVEYANCE INSTRUMENT
- RECORD MAP
- PUBLIC SERVICE AND UTILITY EASEMENT
- EMERGENCY ACCESS EASEMENT
- TYPICAL
- ACRE
- RECORD DATA

BASIS OF BEARINGS:

THE BEARINGS OF NORTH BRITANN WEST BETWEEN FOUND MONUMENTS ON THE CENTERLINE OF WEST CAPITOL AVENUE AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 811 OF MAPS PAGES 13 THROUGH 17, SANTA CLARA COUNTY, CALIFORNIA, HAS BEING: S 89° 00' 00" W 100.000 FEET FOR THIS SURVEY. THE BEARINGS OF THE CENTERLINE OF WEST CAPITOL AVENUE FROM A POINT ON THE CENTERLINE OF WEST CAPITOL AVENUE TO THE POINT OF BEGINNING OF THIS SURVEY IS 0.88894500 TO OBTAIN GRID DISTANCES.

REFERENCES:

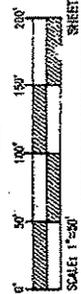
- (1) RECORD OF SURVEY (244 M 3)
- (2) RECORD OF SURVEY (697 M 13)
- (3) RECORD OF SURVEY (754 M 24)
- (4) PARCEL MAP (570 M 49)
- (5) PARCEL MAP (289 M 40)
- (6) PARCEL MAP (610 M 20)
- (7) TRACT 4770 (239 M 48)
- (8) TRACT 4370 (234 M 23)

**TRACT 9773
FOR CONDOMINIUM PURPOSES
CIENFUEGOS**

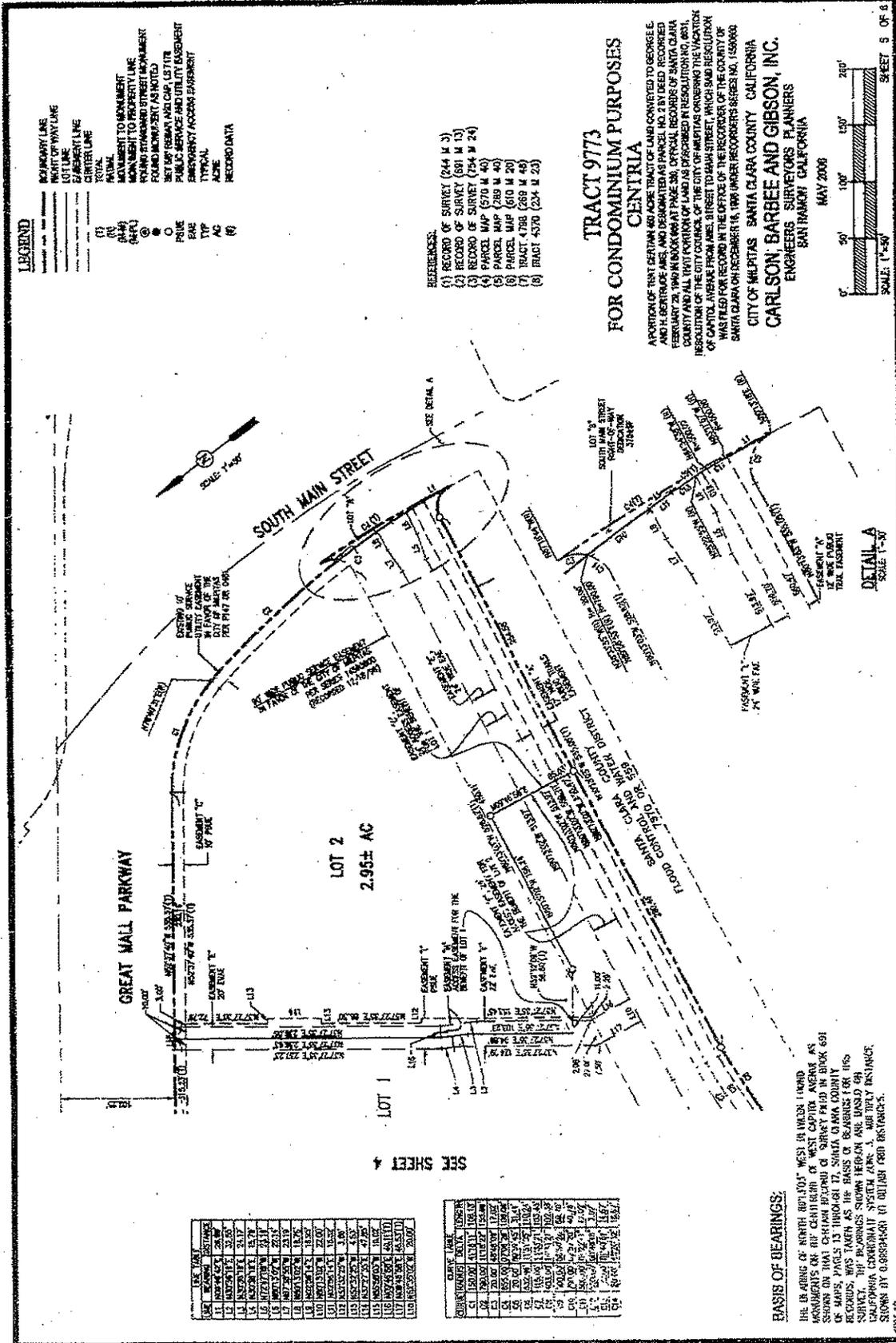
A PORTION OF TRACT 9773, SANTA CLARA COUNTY, CALIFORNIA, AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 811 OF MAPS PAGES 13 THROUGH 17, SANTA CLARA COUNTY, CALIFORNIA, HAS BEEN SUBDIVIDED INTO CONDOMINIUM UNITS AS SHOWN ON THIS MAP AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 8001 OF THE BOARD OF SUPERVISORS OF THE CITY OF ALAMOGordo, CALIFORNIA, PASSED AND ADOPTED ON DECEMBER 16, 1988 UNDER RESOLUTION SERIES NO. 888880.

CITY OF MISSION, SANTA CLARA COUNTY, CALIFORNIA
CARLSSON, BARBEE AND GIBSON, INC.
 ENGINEERS SURVEYORS PLANNERS
 SAN RAMON, CALIFORNIA

MAY 2008



SHEET 4 OF 6



- LEGEND**
- BOUNDARY LINE
 - HEART OF WAY LINE
 - LOT LINE
 - EASEMENT LINE
 - CENTER LINE
 - STREET
 - MONUMENT TO MONUMENT
 - MONUMENT TO PROPERTY LINE
 - MONUMENT TO MONUMENT
 - MONUMENT TO PROPERTY LINE
 - FOUND MONUMENT (AS NOTED)
 - SET BY REMAY AND CAP, 12/1/78
 - PUBLIC SERVICE AND UTILITY EASEMENT
 - EMERGENCY ACCESS EASEMENT
 - TYPICAL
 - ACME
 - RECORD DATA

- REFERENCES:**
- (1) RECORD OF SURVEY (244 M 3)
 - (2) RECORD OF SURVEY (81 M 13)
 - (3) RECORD OF SURVEY (754 M 24)
 - (4) PARCEL MAP (570 M 40)
 - (5) PARCEL MAP (289 M 40)
 - (6) PARCEL MAP (610 M 20)
 - (7) TRACT 4788 (289 M 49)
 - (8) TRACT 4570 (234 M 23)

**TRACT 9773
CENTRIA
FOR CONDOMINIUM PURPOSES**

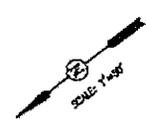
A PORTION OF TRACT 681 ACRE TRACT OF LAND CONVERTED TO GEORGE E. AND H. BERTRUDE ABE, AND DESIGNATED AS PARCEL NO. 23 BY DEED RECORDED FEBRUARY 28, 1969 IN BOOK 684 AT PAGE 30, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN REGISTRATION NO. 681-000000-000000 OF THE CITY COUNCIL OF SANTA CLARA COUNTY, CALIFORNIA, AND ALL THAT PORTION OF LAND AS DESCRIBED IN REGISTRATION NO. 681-000000-000000 OF THE CITY COUNCIL OF SANTA CLARA COUNTY, CALIFORNIA, WHICH HAD RESOLUTION OF CAPITULATION FROM THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 14, 1989 UNDER RECORDERS SERIES NO. 1588000.

CITY OF MELITAS SANTA CLARA COUNTY CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
 ENGINEERS SURVEYORS PLANNERS
 SAN RAMON CALIFORNIA

MAY 2008
 SCALE: 1"=50'



SHEET 5 OF 8



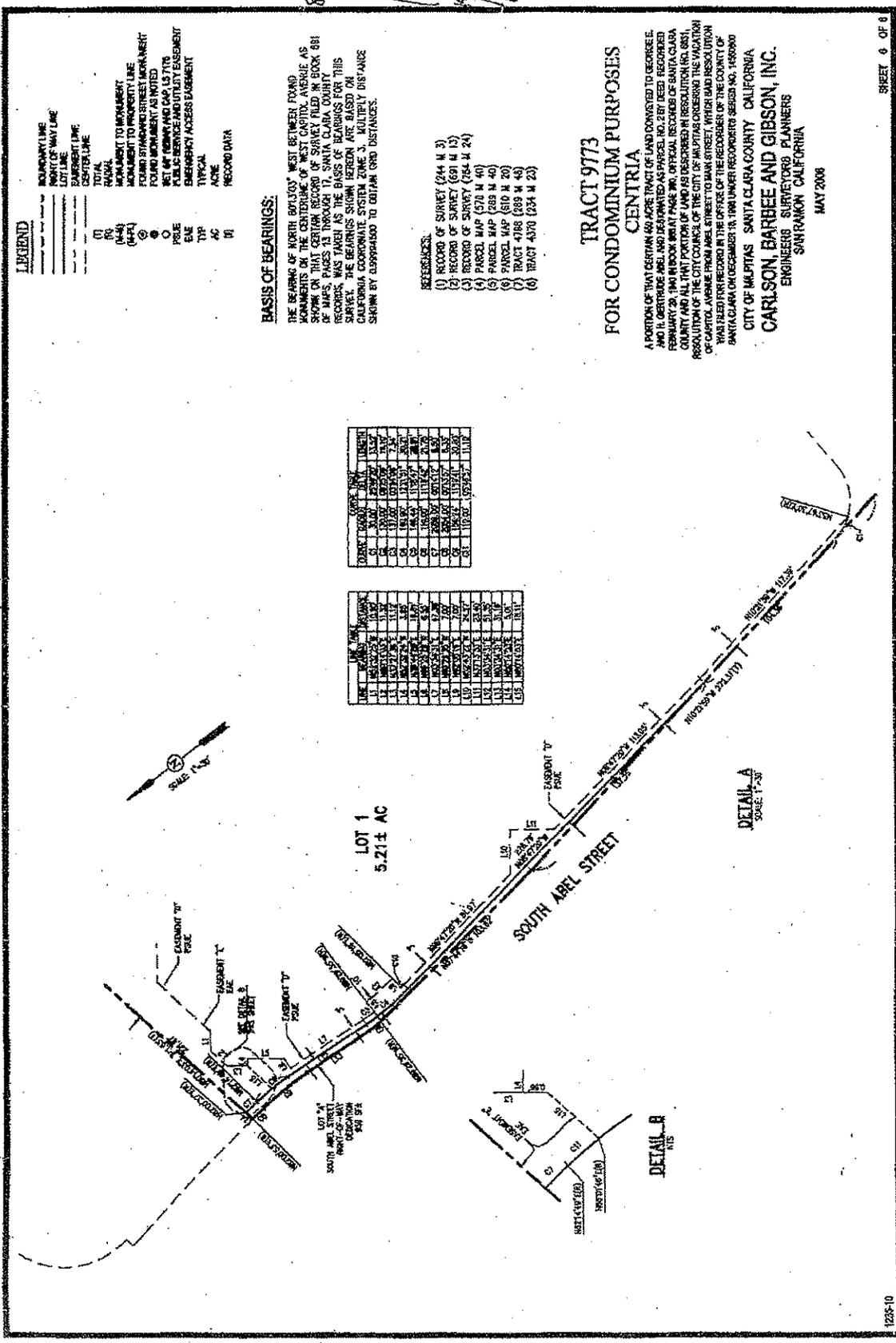
DETAIL-A
SCALE: 1"=50'

1903 (67)

LINE	BEARING	DISTANCE
11	N 89° 58' 15" E	28.89
12	N 89° 58' 15" E	32.25
13	N 89° 58' 15" E	29.71
14	N 89° 58' 15" E	31.17
15	N 89° 58' 15" E	32.63
16	N 89° 58' 15" E	34.09
17	N 89° 58' 15" E	35.55
18	N 89° 58' 15" E	37.01
19	N 89° 58' 15" E	38.47
20	N 89° 58' 15" E	39.93
21	N 89° 58' 15" E	41.39
22	N 89° 58' 15" E	42.85
23	N 89° 58' 15" E	44.31
24	N 89° 58' 15" E	45.77
25	N 89° 58' 15" E	47.23
26	N 89° 58' 15" E	48.69
27	N 89° 58' 15" E	50.15
28	N 89° 58' 15" E	51.61
29	N 89° 58' 15" E	53.07
30	N 89° 58' 15" E	54.53
31	N 89° 58' 15" E	55.99
32	N 89° 58' 15" E	57.45
33	N 89° 58' 15" E	58.91
34	N 89° 58' 15" E	60.37
35	N 89° 58' 15" E	61.83
36	N 89° 58' 15" E	63.29
37	N 89° 58' 15" E	64.75
38	N 89° 58' 15" E	66.21
39	N 89° 58' 15" E	67.67
40	N 89° 58' 15" E	69.13
41	N 89° 58' 15" E	70.59
42	N 89° 58' 15" E	72.05
43	N 89° 58' 15" E	73.51
44	N 89° 58' 15" E	74.97
45	N 89° 58' 15" E	76.43
46	N 89° 58' 15" E	77.89
47	N 89° 58' 15" E	79.35
48	N 89° 58' 15" E	80.81
49	N 89° 58' 15" E	82.27
50	N 89° 58' 15" E	83.73
51	N 89° 58' 15" E	85.19
52	N 89° 58' 15" E	86.65
53	N 89° 58' 15" E	88.11
54	N 89° 58' 15" E	89.57
55	N 89° 58' 15" E	91.03
56	N 89° 58' 15" E	92.49
57	N 89° 58' 15" E	93.95
58	N 89° 58' 15" E	95.41
59	N 89° 58' 15" E	96.87
60	N 89° 58' 15" E	98.33
61	N 89° 58' 15" E	99.79
62	N 89° 58' 15" E	101.25
63	N 89° 58' 15" E	102.71
64	N 89° 58' 15" E	104.17
65	N 89° 58' 15" E	105.63
66	N 89° 58' 15" E	107.09
67	N 89° 58' 15" E	108.55
68	N 89° 58' 15" E	110.01
69	N 89° 58' 15" E	111.47
70	N 89° 58' 15" E	112.93
71	N 89° 58' 15" E	114.39
72	N 89° 58' 15" E	115.85
73	N 89° 58' 15" E	117.31
74	N 89° 58' 15" E	118.77
75	N 89° 58' 15" E	120.23
76	N 89° 58' 15" E	121.69
77	N 89° 58' 15" E	123.15
78	N 89° 58' 15" E	124.61
79	N 89° 58' 15" E	126.07
80	N 89° 58' 15" E	127.53
81	N 89° 58' 15" E	128.99
82	N 89° 58' 15" E	130.45
83	N 89° 58' 15" E	131.91
84	N 89° 58' 15" E	133.37
85	N 89° 58' 15" E	134.83
86	N 89° 58' 15" E	136.29
87	N 89° 58' 15" E	137.75
88	N 89° 58' 15" E	139.21
89	N 89° 58' 15" E	140.67
90	N 89° 58' 15" E	142.13
91	N 89° 58' 15" E	143.59
92	N 89° 58' 15" E	145.05
93	N 89° 58' 15" E	146.51
94	N 89° 58' 15" E	147.97
95	N 89° 58' 15" E	149.43
96	N 89° 58' 15" E	150.89
97	N 89° 58' 15" E	152.35
98	N 89° 58' 15" E	153.81
99	N 89° 58' 15" E	155.27
100	N 89° 58' 15" E	156.73

LINE	BEARING	DISTANCE
1	N 89° 58' 15" E	28.89
2	N 89° 58' 15" E	32.25
3	N 89° 58' 15" E	29.71
4	N 89° 58' 15" E	31.17
5	N 89° 58' 15" E	32.63
6	N 89° 58' 15" E	34.09
7	N 89° 58' 15" E	35.55
8	N 89° 58' 15" E	37.01
9	N 89° 58' 15" E	38.47
10	N 89° 58' 15" E	39.93
11	N 89° 58' 15" E	41.39
12	N 89° 58' 15" E	42.85
13	N 89° 58' 15" E	44.31
14	N 89° 58' 15" E	45.77
15	N 89° 58' 15" E	47.23
16	N 89° 58' 15" E	48.69
17	N 89° 58' 15" E	50.15
18	N 89° 58' 15" E	51.61
19	N 89° 58' 15" E	53.07
20	N 89° 58' 15" E	54.53
21	N 89° 58' 15" E	55.99
22	N 89° 58' 15" E	57.45
23	N 89° 58' 15" E	58.91
24	N 89° 58' 15" E	60.37
25	N 89° 58' 15" E	61.83
26	N 89° 58' 15" E	63.29
27	N 89° 58' 15" E	64.75
28	N 89° 58' 15" E	66.21
29	N 89° 58' 15" E	67.67
30	N 89° 58' 15" E	69.13
31	N 89° 58' 15" E	70.59
32	N 89° 58' 15" E	72.05
33	N 89° 58' 15" E	73.51
34	N 89° 58' 15" E	74.97
35	N 89° 58' 15" E	76.43
36	N 89° 58' 15" E	77.89
37	N 89° 58' 15" E	79.35
38	N 89° 58' 15" E	80.81
39	N 89° 58' 15" E	82.27
40	N 89° 58' 15" E	83.73
41	N 89° 58' 15" E	85.19
42	N 89° 58' 15" E	86.65
43	N 89° 58' 15" E	88.11
44	N 89° 58' 15" E	89.57
45	N 89° 58' 15" E	91.03
46	N 89° 58' 15" E	92.49
47	N 89° 58' 15" E	93.95
48	N 89° 58' 15" E	95.41
49	N 89° 58' 15" E	96.87
50	N 89° 58' 15" E	98.33
51	N 89° 58' 15" E	99.79
52	N 89° 58' 15" E	101.25
53	N 89° 58' 15" E	102.71
54	N 89° 58' 15" E	104.17
55	N 89° 58' 15" E	105.63
56	N 89° 58' 15" E	107.09
57	N 89° 58' 15" E	108.55
58	N 89° 58' 15" E	110.01
59	N 89° 58' 15" E	111.47
60	N 89° 58' 15" E	112.93
61	N 89° 58' 15" E	114.39
62	N 89° 58' 15" E	115.85
63	N 89° 58' 15" E	117.31
64	N 89° 58' 15" E	118.77
65	N 89° 58' 15" E	120.23
66	N 89° 58' 15" E	121.69
67	N 89° 58' 15" E	123.15
68	N 89° 58' 15" E	124.61
69	N 89° 58' 15" E	126.07
70	N 89° 58' 15" E	127.53
71	N 89° 58' 15" E	128.99
72	N 89° 58' 15" E	130.45
73	N 89° 58' 15" E	131.91
74	N 89° 58' 15" E	133.37
75	N 89° 58' 15" E	134.83
76	N 89° 58' 15" E	136.29
77	N 89° 58' 15" E	137.75
78	N 89° 58' 15" E	139.21
79	N 89° 58' 15" E	140.67
80	N 89° 58' 15" E	142.13
81	N 89° 58' 15" E	143.59
82	N 89° 58' 15" E	145.05
83	N 89° 58' 15" E	146.51
84	N 89° 58' 15" E	147.97
85	N 89° 58' 15" E	149.43
86	N 89° 58' 15" E	150.89
87	N 89° 58' 15" E	152.35
88	N 89° 58' 15" E	153.81
89	N 89° 58' 15" E	155.27
90	N 89° 58' 15" E	156.73

BASIS OF BEARINGS:
 THE BEARINGS OF NORTH 89° 58' 15" WEST IN WHICH I HAD MONUMENTS OR BY CENTERLINE OF SOUTH MAIN STREET AS SHOWN ON THAT CENTERLINE OF SOUTH MAIN STREET MAP 681 OF MAPS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SHOWN HEREON ARE BASED ON CALIFORNIA GOVERNMENT SYSTEM, ANK. A. AND TRIPY INSTANT, SIGNED BY 068344-00 ON 04/18/08 DISTANCE.



LEGEND

- BOUNDARY LINE
- MONUMENT
- LOT LINE
- EASEMENT LINE
- CENTERLINE
- TOTAL
- ADJACENT TO MONUMENT
- ADJACENT TO STREET LINE
- FOUR CORNER EASEMENT
- FOUR CORNER EASEMENT AS NOTED
- NET AREA
- PUBLIC SERVICE AND UTILITY EASEMENT
- EMERGENCY ACCESS EASEMENT
- TYPICAL
- ACRE
- RECORD DATA

BASIS OF BEARINGS:

THE BEARINGS OF NORTH 80°13'03" WEST BETWEEN FOUND MONUMENTS ON THE CENTERLINE OF WEST CAPITOL AVENUE AS SHOWN ON THAT CENTRAL RECORD OF SURVEY FILED IN BOOK 881 OF MAPS, PAGES 13 THROUGH 17, SANTA CLARA COUNTY RECORDS, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY. THE BEARINGS SYSTEM HEREON ARE BASED ON CALIFORNIA COORDINATE SYSTEM ZONE 3. MULTIPLY DISTANCE SHOWN BY 0.9999400 TO OBTAIN GRID DISTANCES.

REFERENCES:

- (1) RECORD OF SURVEY (244 M 3)
- (2) RECORD OF SURVEY (691 M 15)
- (3) RECORD OF SURVEY (764 M 24)
- (4) PARCEL MAP (572 M 40)
- (5) PARCEL MAP (289 M 46)
- (6) PARCEL MAP (810 M 20)
- (7) TRACT 4768 (889 M 48)
- (8) TRACT 4370 (534 M 23)

**TRACT 9773
FOR CONDOMINIUM PURPOSES
CENTRIA**

A PORTION OF THAT CERTAIN 60-ACRE TRACT OF LAND CONVERTED TO GEORGETE AND H. GERTRUDE ARL AND DESIGNATED AS PARCEL NO. 2 BY DEED RECORDED FEBRUARY 20, 1940 IN BOOK 1914 PAGE 190, OFFICIAL RECORDS OF SANTA CLARA COUNTY AND ALL THAT PORTION OF LAND AS DESCRIBED IN RESOLUTION NO. 6831, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, THE VACATION OF CAPITAL AVENUE FROM ABEL STREET TO MAIN STREET, WHICH SAID RESOLUTION WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA ON DECEMBER 18, 1994 UNDER RECORDED SERIES NO. 1489800

CITY OF PALM SPRINGS SANTA CLARA COUNTY CALIFORNIA
CARLSON, BARBEE AND GIBSON, INC.
ENGINEERS SURVEYORS PLANNERS
SAN RAMON CALIFORNIA

MAY 2006

SHEET 6 OF 6

LINE	BEARING	DISTANCE	AREA	PERIMETER
1	N 80°13'03" W	111.20	111.20	111.20
2	S 89°46'57" E	111.20	111.20	111.20
3	N 80°13'03" W	111.20	111.20	111.20
4	S 89°46'57" E	111.20	111.20	111.20
5	N 80°13'03" W	111.20	111.20	111.20
6	S 89°46'57" E	111.20	111.20	111.20
7	N 80°13'03" W	111.20	111.20	111.20
8	S 89°46'57" E	111.20	111.20	111.20
9	N 80°13'03" W	111.20	111.20	111.20
10	S 89°46'57" E	111.20	111.20	111.20
11	N 80°13'03" W	111.20	111.20	111.20
12	S 89°46'57" E	111.20	111.20	111.20
13	N 80°13'03" W	111.20	111.20	111.20
14	S 89°46'57" E	111.20	111.20	111.20
15	N 80°13'03" W	111.20	111.20	111.20
16	S 89°46'57" E	111.20	111.20	111.20
17	N 80°13'03" W	111.20	111.20	111.20
18	S 89°46'57" E	111.20	111.20	111.20
19	N 80°13'03" W	111.20	111.20	111.20
20	S 89°46'57" E	111.20	111.20	111.20
21	N 80°13'03" W	111.20	111.20	111.20
22	S 89°46'57" E	111.20	111.20	111.20
23	N 80°13'03" W	111.20	111.20	111.20
24	S 89°46'57" E	111.20	111.20	111.20
25	N 80°13'03" W	111.20	111.20	111.20
26	S 89°46'57" E	111.20	111.20	111.20
27	N 80°13'03" W	111.20	111.20	111.20
28	S 89°46'57" E	111.20	111.20	111.20
29	N 80°13'03" W	111.20	111.20	111.20
30	S 89°46'57" E	111.20	111.20	111.20
31	N 80°13'03" W	111.20	111.20	111.20
32	S 89°46'57" E	111.20	111.20	111.20
33	N 80°13'03" W	111.20	111.20	111.20
34	S 89°46'57" E	111.20	111.20	111.20
35	N 80°13'03" W	111.20	111.20	111.20
36	S 89°46'57" E	111.20	111.20	111.20
37	N 80°13'03" W	111.20	111.20	111.20
38	S 89°46'57" E	111.20	111.20	111.20
39	N 80°13'03" W	111.20	111.20	111.20
40	S 89°46'57" E	111.20	111.20	111.20
41	N 80°13'03" W	111.20	111.20	111.20
42	S 89°46'57" E	111.20	111.20	111.20
43	N 80°13'03" W	111.20	111.20	111.20
44	S 89°46'57" E	111.20	111.20	111.20
45	N 80°13'03" W	111.20	111.20	111.20
46	S 89°46'57" E	111.20	111.20	111.20
47	N 80°13'03" W	111.20	111.20	111.20
48	S 89°46'57" E	111.20	111.20	111.20
49	N 80°13'03" W	111.20	111.20	111.20
50	S 89°46'57" E	111.20	111.20	111.20
51	N 80°13'03" W	111.20	111.20	111.20
52	S 89°46'57" E	111.20	111.20	111.20
53	N 80°13'03" W	111.20	111.20	111.20
54	S 89°46'57" E	111.20	111.20	111.20
55	N 80°13'03" W	111.20	111.20	111.20
56	S 89°46'57" E	111.20	111.20	111.20
57	N 80°13'03" W	111.20	111.20	111.20
58	S 89°46'57" E	111.20	111.20	111.20
59	N 80°13'03" W	111.20	111.20	111.20
60	S 89°46'57" E	111.20	111.20	111.20
61	N 80°13'03" W	111.20	111.20	111.20
62	S 89°46'57" E	111.20	111.20	111.20
63	N 80°13'03" W	111.20	111.20	111.20
64	S 89°46'57" E	111.20	111.20	111.20
65	N 80°13'03" W	111.20	111.20	111.20
66	S 89°46'57" E	111.20	111.20	111.20
67	N 80°13'03" W	111.20	111.20	111.20
68	S 89°46'57" E	111.20	111.20	111.20
69	N 80°13'03" W	111.20	111.20	111.20
70	S 89°46'57" E	111.20	111.20	111.20
71	N 80°13'03" W	111.20	111.20	111.20
72	S 89°46'57" E	111.20	111.20	111.20
73	N 80°13'03" W	111.20	111.20	111.20
74	S 89°46'57" E	111.20	111.20	111.20
75	N 80°13'03" W	111.20	111.20	111.20
76	S 89°46'57" E	111.20	111.20	111.20
77	N 80°13'03" W	111.20	111.20	111.20
78	S 89°46'57" E	111.20	111.20	111.20
79	N 80°13'03" W	111.20	111.20	111.20
80	S 89°46'57" E	111.20	111.20	111.20
81	N 80°13'03" W	111.20	111.20	111.20
82	S 89°46'57" E	111.20	111.20	111.20
83	N 80°13'03" W	111.20	111.20	111.20
84	S 89°46'57" E	111.20	111.20	111.20
85	N 80°13'03" W	111.20	111.20	111.20
86	S 89°46'57" E	111.20	111.20	111.20
87	N 80°13'03" W	111.20	111.20	111.20
88	S 89°46'57" E	111.20	111.20	111.20
89	N 80°13'03" W	111.20	111.20	111.20
90	S 89°46'57" E	111.20	111.20	111.20
91	N 80°13'03" W	111.20	111.20	111.20
92	S 89°46'57" E	111.20	111.20	111.20
93	N 80°13'03" W	111.20	111.20	111.20
94	S 89°46'57" E	111.20	111.20	111.20
95	N 80°13'03" W	111.20	111.20	111.20
96	S 89°46'57" E	111.20	111.20	111.20
97	N 80°13'03" W	111.20	111.20	111.20
98	S 89°46'57" E	111.20	111.20	111.20
99	N 80°13'03" W	111.20	111.20	111.20
100	S 89°46'57" E	111.20	111.20	111.20

LINE	BEARING	DISTANCE	AREA	PERIMETER
1	N 80°13'03" W	111.20	111.20	111.20
2	S 89°46'57" E	111.20	111.20	111.20
3	N 80°13'03" W	111.20	111.20	111.20
4	S 89°46'57" E	111.20	111.20	111.20
5	N 80°13'03" W	111.20	111.20	111.20
6	S 89°46'57" E	111.20	111.20	111.20
7	N 80°13'03" W	111.20	111.20	111.20
8	S 89°46'57" E	111.20	111.20	111.20
9	N 80°13'03" W	111.20	111.20	111.20
10	S 89°46'57" E	111.20	111.20	111.20
11	N 80°13'03" W	111.20	111.20	111.20
12	S 89°46'57" E	111.20	111.20	111.20
13	N 80°13'03" W	111.20	111.20	111.20
14	S 89°46'57" E	111.20	111.20	111.20
15	N 80°13'03" W	111.20	111.20	111.20
16	S 89°46'57" E	111.20	111.20	111.20
17	N 80°13'03" W	111.20	111.20	111.20
18	S 89°46'57" E	111.20	111.20	111.20
19	N 80°13'03" W	111.20	111.20	111.20
20	S 89°46'57" E	111.20	111.20	111.20
21	N 80°13'03" W	111.20	111.20	111.20
22	S 89°46'57" E	111.20	111.20	111.20
23	N 80°13'03" W	111.20	111.20	111.20
24	S 89°46'57" E	111.20	111.20	111.20
25	N 80°13'03" W	111.20	111.20	111.20
26	S 89°46'57" E	111.20	111.20	111.20
27	N 80°13'03" W	111.20	111.20	111.20
28	S 89°46'57" E	111.20	111.20	111.20
29	N 80°13'03" W	111.20	111.20	111.20
30	S 89°46'57" E	111.20	111.20	111.20
31	N 80°13'03" W	111.20	111.20	111.20
32	S 89°46'57" E	111.20	111.20	111.20
33	N 80°13'03" W	111.20	111.20	111.20
34	S 89°46'57" E	111.20	111.20	111.20
35	N 80°13'03" W	111.20	111.20	111.20
36	S 89°46'57" E	111.20	111.20	111.20
37	N 80°13'03" W	111.20	111.20	111.20
38	S 89°46'57" E	111.20	111.20	111.20
39	N 80°13'03" W	111.20	111.20	111.20
40	S 89°46'57" E	111.20	111.20	111.20
41	N 80°13'03" W	111.20	111.20	111.20
42	S 89°46'57" E	111.20	111.20	111.20
43	N 80°13'03" W	111.20	111.20	111.20
44	S 89°46'57" E	111.20	111.20	111.20
45	N 80°13'03" W	111.20	111.20	111.20
46	S 89°46'57" E	111.20	111.20	111.20
47	N 80°13'03" W	111.20	111.20	111.20
48	S 89°46'57" E	111.20	111.20	111.20
49	N 80°13'03" W	111.20	111.20	111.20
50	S 89°46'57" E	111.20	111.20	111.20
51	N 80°13'03" W	111.20	111.20	111.20
52	S 89°46'57" E	111.20	111.20	111.20
53	N 80°13'03" W	111.20	111.20	111.20
54	S 89°46'57" E	111.20	111.20	111.20
55	N 80°13'03" W	111.20	111.20	111.20
56	S 89°46'57" E	111.20	111.20	111.20
57	N 80°13'03" W	111.20	111.20	111.20
58	S 89°46'57" E	111.20	111.20	111.20
59	N 80°13'03" W	111.20	111.20	111.20
60	S 89°46'57" E	111.20	111.20	111.20
61	N 80°13'03" W	111.20	111.20	111.20
62	S 89°46'57" E	111.20	111.20	111.20
63	N 80°13'03" W	111.20	111.20	111.20
64	S 89°46'57" E	111.20	111.20	111.20
65	N 80°13'03" W	111.20	111.20	111.20
66	S 89°46'57" E	111.20	111.20	111.20
67	N 80°13'03" W	111.20	111.20	111.20
68	S 89°46'57" E	111.20	111.20	111.20
69	N 80°13'03" W	111.20	111.20	111.20
70	S 89°46'57" E	111.20	111.20	111.20
71	N 80°13'03" W	111.20	111.20	111.20
72	S 89°46'57" E	111.20	111.20	111.20
73	N 80°13'03" W	111.20	111.20	111.20
74	S 89°46'57" E	111.20	111.20	111.20
75	N 80°13'03" W	111.20	111.20	111.20
76	S 89°46'57" E	111.20	111.20	111.20
77	N 80°13'03" W	111.20	111.20	111.20
78	S 89°46'57" E	111.20	111.20	111.20
79	N 80°13'03" W	111.		

Exhibit B

Number of Units by Unit Size and Eligible Income Levels

	Very Low	Low	Moderate	Total
1-Bedroom	11		17	28
2-Bedroom	4		32	36
3-Bedroom		3		3
Total	15	3	49	67

Exhibit C
INSURANCE REQUIREMENTS

Prior to issuance of building permits for the Project and throughout the term of this Agreement, Owner shall obtain and maintain, at Owner's expense, the following policies of insurance.

A. Property Insurance. Insurance for the risks of direct physical loss, with minimum coverage being the perils insured under the standard Causes of Loss -Special form (ISO Form CP 1030) or its equivalent, covering all improvements, all fixtures, equipment and personal property, located on or in, or constituting a part of, the Property ("Improvements"), in an amount equal to one hundred percent (100%) of the full replacement cost of all such property. The insurance shall (a) cover explosion of steam and pressure boilers and similar apparatus, if any, located on the Property, and (b) cover floods if the Property is in a Special Hazard Area, as determined by the Federal Emergency Management Agency or as shown on a National Flood Insurance Program flood map. The insurance required hereunder shall be in amounts sufficient to prevent Owner from becoming a co-insurer under the terms of the applicable policies, with not more than a Twenty Five Thousand Dollars (\$25,000) deductible prior to completion of construction and a Ten Thousand Dollars (\$10,000) deductible after completion of construction (or such higher deductible approved by the Agency, which approval shall not be unreasonably withheld) from the loss payable for any casualty. The policies of insurance carried in accordance with this paragraph A shall contain a "replacement cost endorsement" and an "increased cost of construction endorsement."

B. Liability Insurance. Commercial general liability insurance on an "occurrence basis" covering all claims with respect to injury or damage to persons or property occurring on, in or about the Property and the Improvements. The limits of liability under this Paragraph B shall be not less than Two Million Dollars (\$2,000,000) combined single limit per occurrence, with a deductible no greater than Twenty Five Thousand Dollars (\$25,000) deductible prior to completion of construction and a Ten Thousand Dollars (\$10,000) after completion of construction (or such higher deductible as may be approved by Agency, which approval shall not be unreasonably withheld). The insurance shall also include coverage for:

(i) liability for bodily injury or property damage arising out of the use, by or on behalf of Owner, of any owned, non-owned, leased or hired automotive equipment in the conduct of any and all operations conducted in connection with the Project or the Property;

(ii) premises and operations including, without limitation, bodily injury, personal injury, death or property damage occurring upon, in or about the Property or the Improvements on any elevators or any escalators therein and on, in or about the adjoining sidewalks, streets and passageways;

(iii) broad form property damage liability;

(iv) additional insured and primary insured endorsements protecting the Agency, the City of Milpitas and their respective elected and appointed officials, officers, employees and agents;

(v) personal injury endorsement.

C. Worker's Compensation Insurance. Worker's compensation insurance, in the amount required under then applicable state law, covering Owner's employees, if any, at work in or upon the Property or engaged in services or operations in connection with the Project or the Property. Owner shall require that any contract entered into by Owner with regard to work to be undertaken on the Property include a contractual undertaking by the contractor to provide worker's compensation insurance for its employees in compliance with applicable state law.

D. Course of Construction Insurance. Course of construction insurance in the same amount as required in paragraph A above for property insurance, covering all construction activities on the Property.

E. General Insurance Provisions. All policies of insurance provided for in this Exhibit shall be provided under valid and enforceable policies, in such forms and amounts as hereinbefore specified, issued by insurers licensed to do business in the State of California (or approved to do business in California and listed on the California Department of Insurance list of Eligible Surplus Lines Insurers or successor listing) and having a rating of A-VII or better in Best Insurance Guide or, if Best Insurance Guide is no longer in existence, a comparable rating from a comparable rating service. Prior to the issuance of building permits for the Project, and thereafter, not less than thirty (30) days prior to the expiration date of each policy furnished pursuant to this Exhibit C, Owner shall deliver to Agency certificates evidencing the insurance required to be carried by Owner under this Exhibit C. If requested by Agency, Owner shall deliver within ten (10) days following such request, certified, complete copies of the insurance policies required hereunder.

Insurance policies to be provided hereunder shall meet the following requirements:

(a) Each policy of insurance obtained pursuant to this Agreement, other than worker's compensation insurance, shall contain endorsements which provide (i) a waiver by the insurer of the right of subrogation against Agency, the City of Milpitas, Owner or any tenant of the Project for negligence of any such person, (ii) a statement that the insurance shall not be invalidated should any insured waive in writing prior to the loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy, and (iii) a provision that no act or omission of Owner which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

(b) By endorsements, Agency and the City of Milpitas, and their respective elected and appointed officials, officers, employees and agents shall be named as additional insured under the liability insurance required to be maintained by Owner hereunder. Agency shall be named as loss payee on the property insurance policies required to be maintained hereunder.

(c) Each policy required hereunder shall include a Notice of Cancellation or Change in Coverage Endorsement which shall provide that such policy shall not be cancelled or materially changed without at least thirty (30) days' prior written notice by registered or certified mail to Agency.

(d) All insurance policies shall provide that there shall be no exclusion from coverage for cross liability among the listed insureds.

(e) Any certificate of insurance applicable to course of construction insurance to be maintained shall be deposited with Agency prior to commencement of construction of any Improvements.

(f) Each policy shall contain an endorsement that provides that the insurance applies separately to each insured that is seeking coverage or against whom a claim is made, except with respect to the limits of liability.

(g) Each policy shall be written as a primary policy not contributing with and not in excess of coverage that Agency may carry.

(h) Each policy shall expressly provide that Agency shall not be required to give notice of accidents or claims and that Agency shall have no liability for premiums.

F. Blanket Policies. Any insurance provided for in this Exhibit C may be placed by a policy or policies of blanket insurance; provided, however, that such policy or policies provide that the amount of the total insurance allocated to the Property and the Project shall be such as to furnish protection the equivalent of separate policies in the amounts herein required, and provided further that in all other respects any such policy or policies shall comply with the other provisions of this Agreement.

G. Waiver of Subrogation. To the extent permitted by law and the policies of insurance required to be maintained hereunder, and without affecting such insurance coverage, Agency and Owner each waive any right to recover against the other (a) damages for injury or death of persons, (b) damage to property, (c) damage to the Property or the Improvements or any part thereof, or (d) claims arising by reason of any of the foregoing, to the extent that such damages and/or claims are covered (and only to the extent of such coverage) by insurance actually carried by either Agency or Owner. This provision is intended to restrict each party (as permitted by law) to recover against insurance carriers to the extent of such coverage, and waive fully, and for the benefit of each, any rights and/or claims which might give rise to a right of subrogation in any insurance carrier.

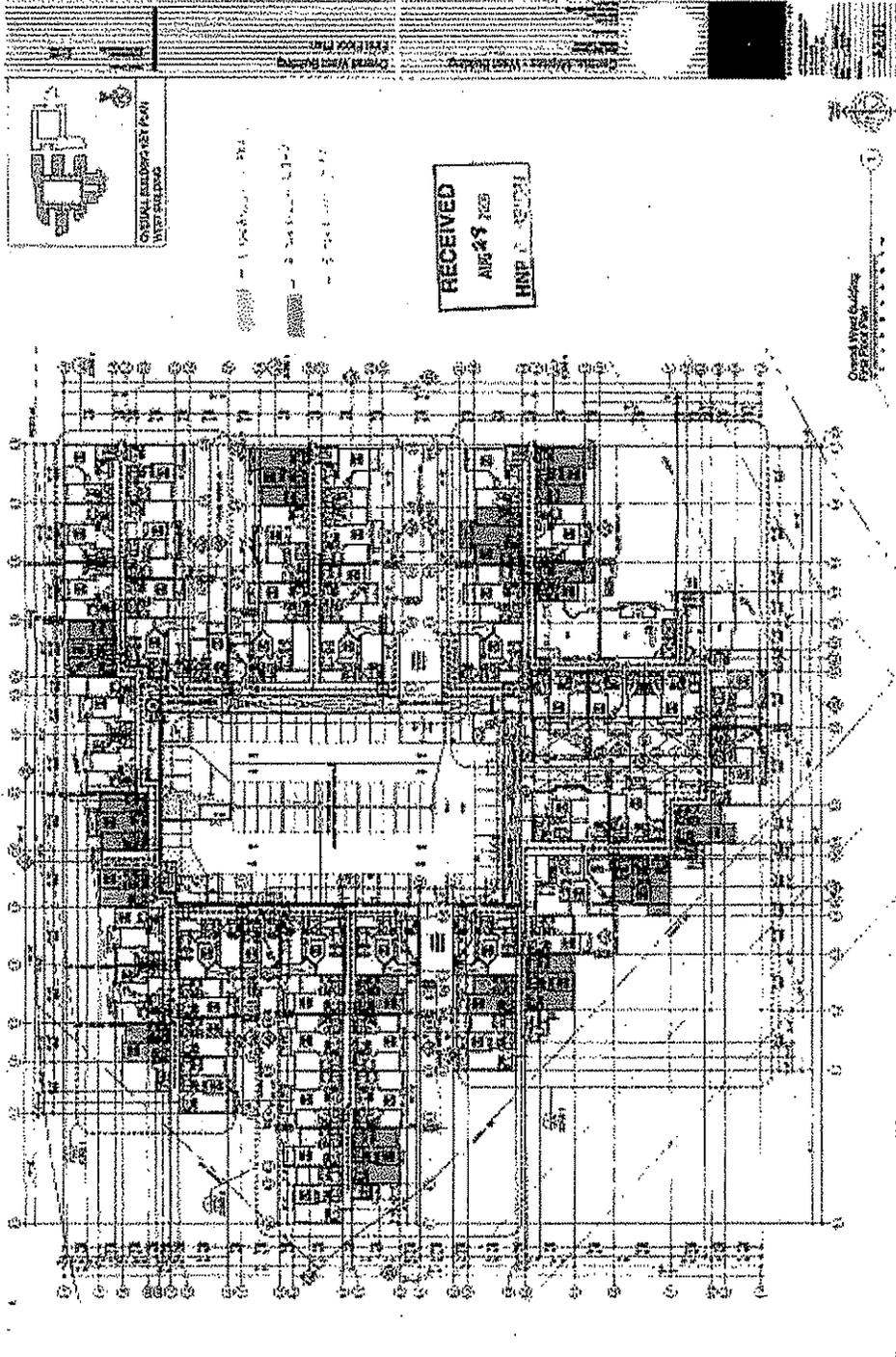
H. Compliance with policy Requirements. Owner shall observe and comply with the requirements of all policies of public liability, fire and other policies of insurance at any time

in force with respect to the Property, and Owner shall so perform and satisfy the requirements of the companies writing such policies that at all times companies of good standing shall be willing to write or to continue such insurance.

Exhibit D
DISPERSAL PLAN

Location and Dispersal of Restricted Units. The Restricted Units shall be restricted to occupancy by Eligible Households and shall be composed of twenty-eight (28) one bedroom Restricted Units, thirty-six (36) two bedroom Restricted Units, and three (3) three bedroom Restricted Units meeting the eligible income levels described in Exhibit B. The size of the Restricted Units shall be substantially the same size as units of the corresponding bedroom number which are not Restricted Units. Likewise, the amenities of Restricted Units shall be the same as the “base amenity package” offered to units which are not Restricted Units. The initial location of the Restricted Units are as shown on the dispersal plan attached to this Agreement in this Exhibit D. Notwithstanding the foregoing, the Restricted Units may be moved from one location to another throughout the Project during such period, provided that if the location of a Restricted Unit is moved, the Restricted Units, including the replacement Restricted Unit, shall be remain dispersed throughout the Project and shall not be concentrated in any area of the Project or any floor of the Project. Each floor of the Project shall have a minimum of nine (9) Restricted Units. In addition, no more than fourteen (14) Restricted Units shall overlook or border the garage entries. If a Restricted Rental Unit becomes vacant, and no applicant from an Eligible Household meeting Owner’s qualifying requirements applies to lease such Restricted Rental Unit, Owner may lease the unit to a non-qualifying person but must hold the next available unit open to an Eligible Household meeting Owner’s qualifying requirements in the manner described in this section. By the first of May of each year, the Owner shall submit a unit map and written report (“Annual Dispersal Plan Report”) showing the location of all Restricted Units, their type, and a brief text summary of which units have been relocated since the previous year’s report. Such Annual Dispersal Plan Reports shall be used to ensure compliance with the performance standards stated herein.

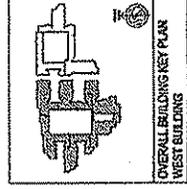
CENTRIA - WEST BLDG.



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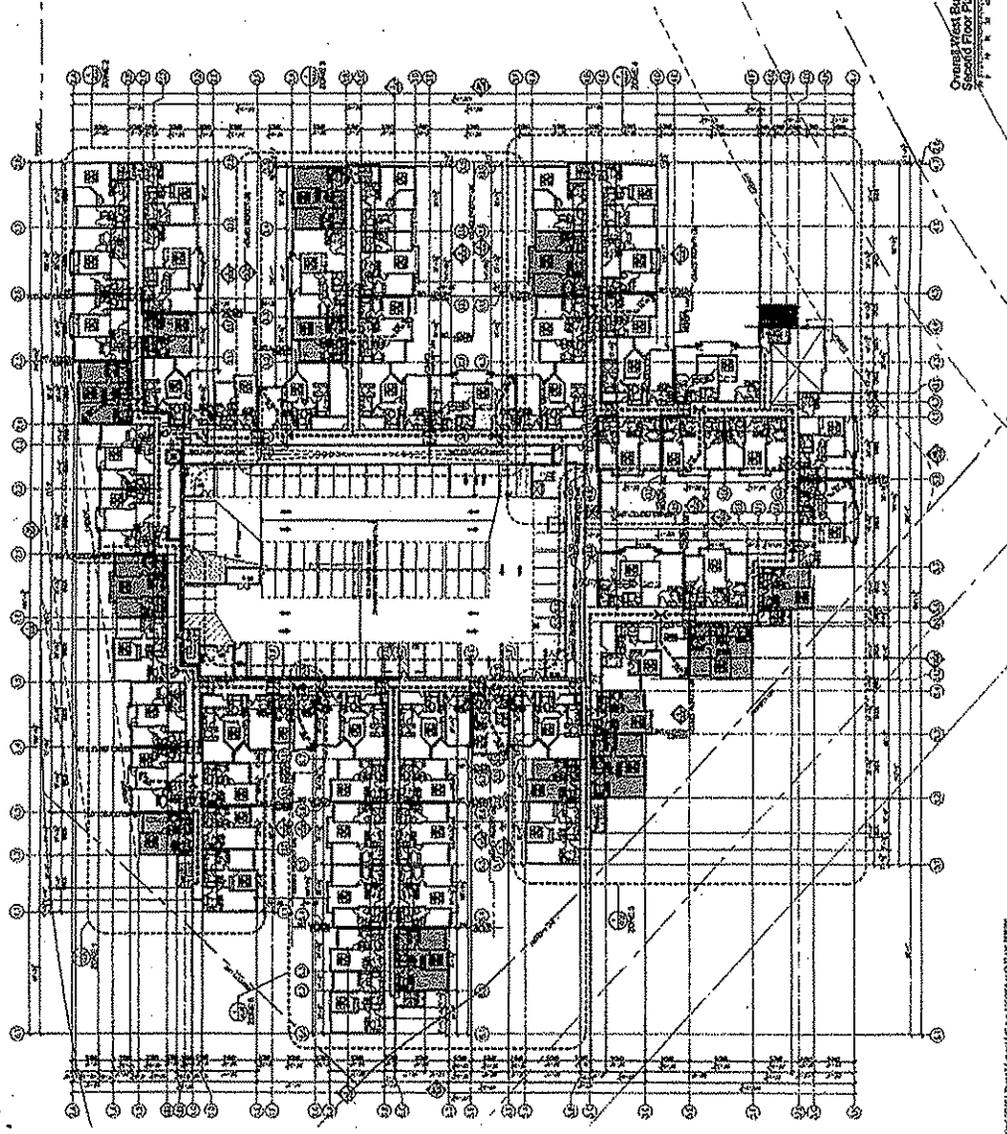
Overall West Building
Floor Plan

<p>PROJECT: Omni West Building - West Building</p> <p>DATE: 11/11/11</p> <p>SCALE: 1/8" = 1'-0"</p> <p>PROJECT NO: 11111111</p> <p>REV: 1</p>	<p>DATE: 11/11/11</p> <p>SCALE: 1/8" = 1'-0"</p> <p>PROJECT NO: 11111111</p> <p>REV: 1</p>
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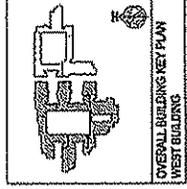
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Omni West Building
Second Floor Plan
11/11/11



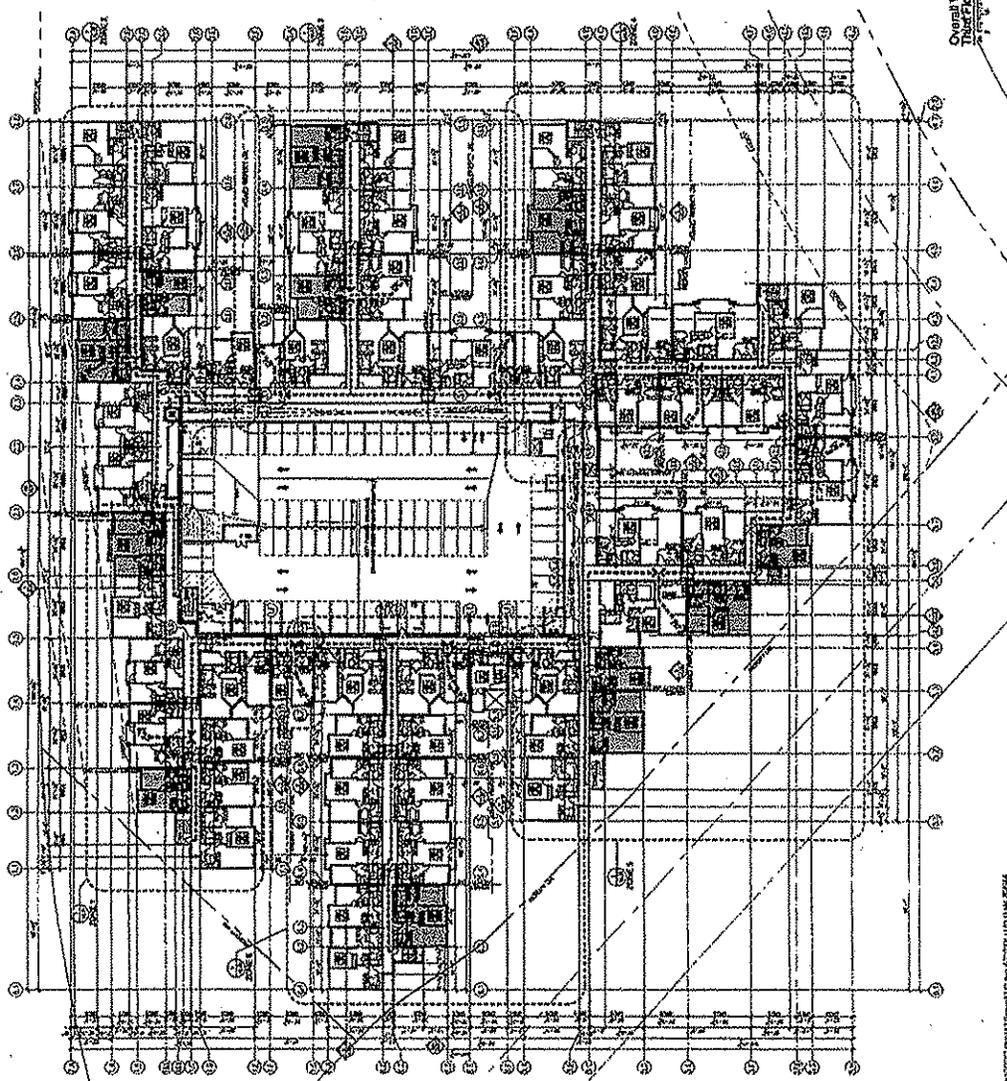
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Overall West Building Third Floor Plan	Overall West Building Second Floor Plan	Overall West Building First Floor Plan	Overall West Building Basement Plan
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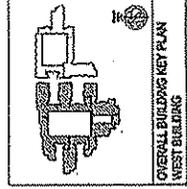
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Overall West Building
Third Floor Plan

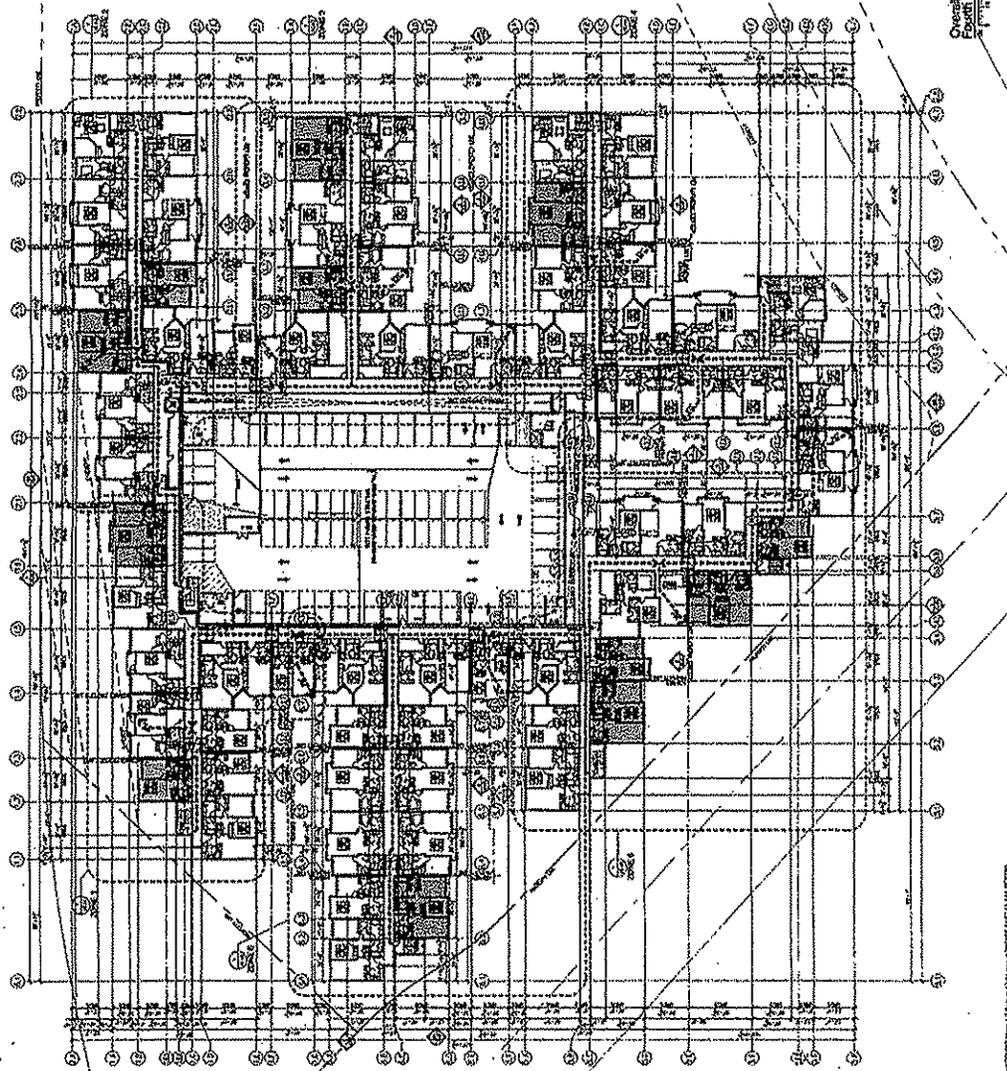


Overall West Building
Third Floor Plan

<p>Overall West Building Fourth Floor Plan</p>			
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Overall West Building
Fourth Floor Plan



Professional Seal/Stamp Area

Exhibit E
RESALE AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

MILPITAS REDEVELOPMENT AGENCY
455 East Calaveras Boulevard
Milpitas, CA 95035

To be recorded without fee. (Space Above This Line For Recorder's Use Only) (Gov.
Code, §§ 6103 and 27383.)

RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE

Owner: _____
Property Address: _____
Milpitas, California _____
Name of Development: _____

This RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE ("Agreement") is entered into by and between the Milpitas Redevelopment Agency ("the Agency") and _____ ("Owner") regarding certain improved real property, which is more particularly described in Exhibit A attached hereto and incorporated herein and commonly known as _____, Milpitas, California (the "Property") effective as of _____ 20__ (the "Effective Date"). Agency and Owner are hereinafter collectively referred to as the "Parties."

RECITALS

A. The Agency pursuant to the Community Redevelopment Law (Health & Safety Code section 33000 et seq.) and the Agency's Redevelopment Plan maintains an affordable housing fund, which it uses for the purpose encouraging the construction of housing within the Redevelopment Plan Area that is affordable to persons of very low, and moderate income ("the Program").

B. Pursuant to the Program, the Agency and _____ ("Developer") entered into an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants, dated July __, 2008 ("the Agreement") under which Developer has agreed to construct and sell homes at prices that are affordable to persons of very low, low, and moderate incomes and in exchange the Agency has agreed to provided certain financial incentives.

C. Owner is the owner of certain real property located within the City of Milpitas, legally described in Exhibit A and commonly known as , Milpitas, California ("the Property"). The Property is one of the affordable homes constructed by Developer pursuant to the Agreements.

D. Owner is an eligible [very low, low, or moderate income purchaser under the Program, intends to live in the Property as an owner occupant, and agrees to maintain the Property as Owner's principal residence.

E. In order to maintain and preserve the Property as housing affordable to eligible [very low, low or moderate] income purchasers, it is necessary to restrict the use and resale of the Property through imposition of the occupancy and resale restrictions set forth in this Agreement. These restrictions are intended to prevent initial and subsequent purchasers from using the Property for purposes incompatible with the Program and realizing unwarranted gains from sales of the Property at unrestricted prices. The terms and conditions of this Agreement are intended to provide the necessary occupancy and resale restrictions to ensure that the Property is used, maintained, and preserved as housing affordable to eligible [very low, low, or moderate-]income purchasers. To further serve the purposes of the Program, it is necessary that the Agency be granted an option to purchase the property so that the property may be resold by the Agency to an eligible household.

F. Accordingly, the Parties desire to enter into this Resale Restriction Agreement and Option to Purchase, which provides, generally, that Owner may only sell the property to Eligible Households (i.e. households meeting the household income limitations set forth herein) at a price not to exceed the price equal to the initial purchase price adjusted to reflect increases in median household income since the Property was initially purchased by Owner. Alternatively, the Agreement provides that the Agency may exercise its option to purchase the Property at the same price.

G. The Property constitutes a valuable community resource by providing decent, safe, and sanitary housing to persons and families of [very low, low, or moderate] income who otherwise would be unable to afford such housing. To protect and preserve this resource it is necessary, proper, and in the public interest for the Agency to administer occupancy and resale controls consistent with the Program by means of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the substantial economic benefits inuring to Owner and the public purposes to be achieved under the Program, Owner and Agency hereby agree as follows:

1. DEFINITIONS.

"Affordable Unit Cost" shall mean a sales price that results in annual housing costs, including principal payments, interest, property taxes, homeowners' insurance,

homeowners' association dues, and mortgage insurance that do not exceed 30% of income level for the Eligible Household.

"Area Median Income for Santa Clara County" means those income and eligibility levels determined, updated, and published each year by the California Department of Housing and Community Development, based on Santa Clara County median income levels, adjusted for household size.

"Persons and families of [very low, low, or moderate] income" means persons and families whose income do not exceed [fifty percent (50%); eighty percent (80%), or one hundred twenty percent (120%)] of the Area Median Income for Santa Clara County, as adjusted for household size.

Persons and families meeting the definition set forth in Paragraph 1(c) above shall be referred to as "Eligible Households."

2. Program Requirements.

(a) Affordability Restrictions. Owner hereby covenants and agrees that during the term of this Agreement all of the requirements and restrictions of this Agreement shall apply, and the Property shall be sold or otherwise transferred only pursuant to the terms and conditions of this Agreement and only to (i) Eligible Households at a price not to exceed the Adjusted Resale Price, as defined in Paragraph 5, (ii) the Agency pursuant to Paragraph 3, or (iii) a Permitted Transferee pursuant to Paragraph 9.

(b) Disclosure. DURING THE TERM OF THIS AGREEMENT THERE SHALL BE NO SALE OR OTHER TRANSFER OF THE PROPERTY WITHOUT THE WRITTEN CERTIFICATION BY THE AGENCY THAT THE TRANSFEREE QUALIFIES AS AN ELIGIBLE HOUSEHOLD AND THAT THE PROPERTY IS BEING TRANSFERRED AT A PRICE NOT TO EXCEED THE ADJUSTED RESALE PRICE, WHICH IS CAPPED AT THE AFFORDABLE UNIT COST AS DEFINED IN PARAGRAPH 1.a. ANY SALE OR OTHER TRANSFER OF THE PROPERTY IN VIOLATION OF THIS COVENANT SHALL BE VOID.

(c) Principal Residence Requirement. OWNER COVENANTS AND AGREES THAT HE/SHE/THEY SHALL OCCUPY THE PROPERTY AS HIS/HER/THEIR PRINCIPAL RESIDENCE FOR THE DURATION OF HIS/HER/THEIR OWNERSHIP AND SHALL NOT RENT OR LEASE THE PROPERTY OR PORTION THEREOF DURING THE TERM OF THIS AGREEMENT. Without limiting the generality of the foregoing, any absence from the Property by Owner for a period of ninety (90) or more days shall be deemed an abandonment of the Property as the principal residence of Owner in violation of the conditions of this Paragraph. Upon request by the Agency made from time to time, the Owner of the Property shall submit an affidavit to the Agency certifying that the Property is the Owner's principal residence and provide such documents and other evidence as may be requested to verify Owner's compliance with this requirement. Abandonment of the Property shall constitute an

Option Event (as defined in Paragraph 3.c below) and shall entitle the Agency to exercise its Option to purchase the Property.

3. Option to Purchase.

(a) Grant of Option to Purchase. Owner hereby grants to the Agency an option ("Option") to purchase all of Owner's right, title and interest in and to the Property upon the occurrence of an Option Event (defined in Paragraph 3.c below), subject to the terms and conditions contained herein.

(b) Assignment of the Option. The Agency may assign the Option to another government entity, a non-profit affordable housing provider or a person or family that qualifies as an Eligible Household. The Agency's assignment of the Option shall not extend any time limits contained herein with respect to the exercise period of the Option or the period within which the Property must be purchased.

(c) Events Giving Rise to Right to Exercise Option. The Agency shall have the right to exercise its Option upon the occurrence of any of the following events (each, an "Option Event"):

(d) Receipt of a Notice of Intent to Transfer (defined in Paragraph 3.d.i below);

(ii) Any actual, attempted or pending sale, conveyance, transfer, lease or other attempted disposition of the Property or of any estate or interest therein, except as provided in Paragraph 9 below;

(iii) Any actual, attempted or pending encumbrance of the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanics, tax or other lien, except as provided in Paragraph 10 below; Recordation of a notice of default and/or notice of sale pursuant to California Civil Code section 2924 (or successor provisions) under any deed of trust or mortgage with a power of sale encumbering the Property; Commencement of a judicial foreclosure proceeding regarding the Property;

(vi) Execution by Owner of any deed in lieu of foreclosure transferring ownership of the Property;

(vii) Commencement of a proceeding or action in bankruptcy, whether voluntary or involuntary, pursuant to Title 11 of the United States Code or other bankruptcy statute, or any other insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship, concerning the Owner; or

(viii) Any violation by Owner of any provision of this Agreement including, without limitation, the conditions set forth in Paragraph 2 above.

(d) Method of Exercising the Option.

(i) Notice of Intent to Transfer. If Owner desires to sell, convey, transfer (other than pursuant to Paragraph 9), lease, encumber (other than pursuant to Paragraph 10) or otherwise dispose of the Property or of any estate or interest therein, no less than 60 days prior to the date of such proposed sale, conveyance, transfer, lease, encumbrance or disposition, Owner shall notify Agency in writing to that effect (the "Notice of Intent to Transfer"). The Notice of Intent to Transfer shall be in substantially the form attached hereto as Exhibit B. In the case of a proposed sale of the Property to an identified prospective purchaser, the Owner shall submit to the Agency, together with the Notice of Intent to Transfer, a copy of the prospective purchaser's income certification, a list of all assets owned by the prospective purchaser, and other financial information reasonably requested by Agency, in a form approved by the Agency, along with the income certification to be provided to any lender making a loan to the prospective purchaser. The Agency may require documentation evidencing and supporting the income and other financial information contained in the certifications.

(ii) Notice of Exercise. Upon the occurrence of any Option Event, the Agency may exercise its Option by delivering notice, pursuant to Paragraph 16 and within the time period specified in Paragraph 3(d)(iv), to Owner of Agency's intent to exercise such Option pursuant to the terms of this Agreement ("Notice of Exercise"). The Notice of Exercise may be in the form attached hereto and incorporated herein as Exhibit C, or in such other form as the Agency may from time to time adopt. If the Option Event relates to the potential foreclosure of a mortgage under Paragraphs 3.c.iv, 3.c.v, or 3.c.vi, then the Agency shall also deliver the Notice of Exercise to the mortgagee or beneficiary under such mortgage, at such mortgagee's or beneficiary's address of record in the Office of the Recorder of Santa Clara County.

(iii) Notice of Consent to Transfer. If the Agency does not exercise the Option, it may give its consent to the occurrence of the Option Event ("Consent to Transfer"). If the Option Event involves a proposed sale of the Property to a prospective purchaser, the Agency's consent shall be conditioned upon (i) the proposed purchaser's qualification as an Eligible Household; (ii) the sale of the Property at a price not to exceed the Adjusted Resale Price; (iii) the proposed purchaser's execution of a Disclosure Statement in the form attached hereto as Exhibit F or such other form or forms as may be promulgated by the Agency; and (iv) the proposed purchaser's assumption of Owner's duties and obligations under this Agreement pursuant to a written assumption agreement in a form acceptable to Agency, or execution of an agreement substantially similar to this Agreement, within sixty (60) days after the Consent to Transfer has been delivered to Owner and recordation of such assumption agreement or substitute agreement. If the prospective purchaser (i) fails to qualify as an Eligible Household, (ii) fails to execute and deliver the Disclosure Statement to the Agency, or (iii) fails to execute and deliver to the Agency an assumption agreement or an agreement substantially similar to this Agreement within such sixty (60) day period, then the Consent to Transfer shall expire and the Agency may, at its option, either notify Owner of the disqualification, thereby entitling Owner to locate another purchaser who qualifies as Eligible Household, or exercise the Option, as if no Consent to Transfer had been delivered.

(iv) Time Period for Notice. The Agency shall deliver a Consent to Transfer, if applicable, not later than sixty (60) days after the date that it receives notification of an Option Event. The Agency shall deliver a Notice of Exercise, if applicable, on or before the date which is the later to occur of the following: (i) sixty (60) days after the date that the Agency receives notification of an Option Event or (ii) thirty (30) days after a Consent to Transfer has expired. For purposes of computing commencement of the delivery periods, the Agency shall be deemed to have received notification of an Option Event on the date of delivery of a Notice of Intent to Transfer, pursuant to the terms of Paragraph 16 below or on the date it actually receives notice of default, summons and complaint or other pleading, or other writing specifically stating that an Option Event has occurred. The Agency shall have no obligation to deliver a Notice of Exercise or Consent to Transfer, and the applicable time period for exercise of the Option shall not commence to run, unless and until the Agency has received notification of an Option Event in the manner specified in this subparagraph. If there is a stay or injunction imposed by court order precluding the Agency from delivering its Consent to Transfer or Notice of Exercise within the applicable time period, then the running of such period shall cease until such time as the stay is lifted or the injunction is dissolved and the Agency has been given written notice thereof, at which time the period for delivery of a Consent to Transfer or Notice of Exercise shall again begin to run.

(v) Notice of Abandonment. If the Agency fails to deliver a Notice of Exercise or Consent to Transfer within the time periods set forth in paragraph 3.d.iv, upon request by Owner, the Agency shall cause to be filed for recordation in the Office of the Recorder of Santa Clara County, a notice of abandonment, which shall declare that the provisions of the Option are no longer applicable to the Property. Unless Owner requests recordation of notice of abandonment within 30 days of the Agency's failure to deliver Notice of Exercise or Consent to Transfer, the Agency shall have no obligation to record the notice of abandonment. Upon recordation of a notice of abandonment, the Option shall terminate and have no further force and effect. If the Agency fails to record a notice of abandonment, the sole remedy of Owner shall be to obtain a judicial order instructing prompt recordation of such a notice.

(vi) Right to Reinstatement. If the Option Event is the recordation of a notice of default, then the Agency shall be deemed to be Owner's successor in interest under California Civil Code Section 2924c (or successor section) solely for purposes of reinstatement of any mortgage on the Property that has led to the recordation of the notice of default. As Owner's deemed successor in interest, the Agency shall be entitled to pay all amounts of principal, interest, taxes, assessments, homeowners' association fees, insurance premiums, advances, costs, attorneys' fees and expenses required to cure the default. If the Agency exercises the Option, then any and all amounts paid by the Agency pursuant to this Paragraph shall be treated as Adjustments to the Base Resale Price for the Property, as defined in Paragraph 5 below.

(vii) Inspection of Property. After receiving a Notice of Intent to Transfer or delivering a Notice of Exercise, the Agency shall be entitled to inspect the Property one or more times prior to the close of escrow to determine the amount of any Adjustments to the Base Resale Price. Before inspecting the Property, the Agency shall

give Owner not less than forty-eight (48) hours' written notice of the date, time and expected duration of the inspection. The inspection shall be conducted between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, excluding City holidays, unless the parties mutually agree in writing to another date and time. Owner shall make the Property available for inspection on the date and at the time specified in the Agency's request for inspection.

(viii) Escrow. Promptly after delivering a Notice of Exercise, the Agency shall open an escrow account for its purchase of the Property. Close of escrow shall take place on the date that is the later to occur of the following, (a) ninety (90) days after a Notice of Exercise has been delivered, or (b) ten (10) days after Owner has performed all acts and executed all documents required for close of escrow. Prior to the close of escrow, the Agency shall deposit into escrow with a title company of Agency's choosing, an amount equal to the Adjusted Resale Price as defined in Paragraph 5 below and all escrow fees and closing costs to be paid by Agency. Commissions (not to exceed 6% of the actual sales price), closing costs and title insurance shall be paid pursuant to the custom and practice in the County of Santa Clara at the time of the opening of escrow, or as may otherwise be provided by mutual agreement. Owner agrees to perform all acts and execute all documents reasonably necessary to effectuate the close of escrow and transfer of the Property to the Agency.

(ix) Proceeds of Escrow; Removal of Exceptions to Title. Prior to close of escrow, Owner shall cause the removal of all exceptions to title to the Property that were recorded after the Effective Date with the exception of (i) taxes for the fiscal year in which the escrow for this transaction closes, which taxes shall be prorated as between Owner and Agency as of the date of close of escrow; (ii) quasi-public utility, public alley, public street easements, and rights of way of record, and (iii) such other liens, encumbrances, reservations and restrictions as may be approved in writing by Agency ("Permitted Exceptions"). The purchase price deposited into escrow by the Agency shall be applied first to the payment of any and all Permitted Encumbrances (as defined in Paragraph 10) recorded against the Property in order of lien priority, and thereafter to the payment of Owner's share of escrow fees and closing costs. Any amounts remaining after the purchase price has been so applied, if any, shall be paid to Owner upon the close of escrow. If the purchase price is insufficient to satisfy all liens and encumbrances recorded against the Property, the Owner shall deposit into escrow such additional sums as may be required to remove said liens and encumbrances. In the event that the Agency agrees to proceed with close of escrow prior to the date that Owner has caused all exceptions to title recorded after the Effective Date other than Permitted Exceptions to be removed, then Owner shall indemnify, defend and hold Agency harmless from any and all costs expenses or liabilities (including attorneys' fees) incurred or suffered by Agency that relate to such exceptions and their removal as exceptions to title to the Property.

4. Base Resale Price. Prior to adjustment pursuant to Paragraph 5 the base resale price ("Base Resale Price") of the Property shall be the lowest of:

Median Income. The original price ("Base Price") paid by Owner for acquisition of the Property pursuant to the Program, increased (but not decreased) by an amount, if

any, equal to the Base Price multiplied by the percentage increase in the Area Median Income for Santa Clara County as defined in Section 1.2(b), between the Effective Date (or, in case of a sale of the Property by an Owner other than Owner set forth in this Agreement, the date the current Owner acquired the Property from the previous owner) and the date that the Agency receives notification of an Option Event; or Index Price. The Base Price increased (but not decreased) by an amount, if any, equal to the Base Price multiplied by the percentage increase in the Consumer Price Index for All Urban Consumers for the San Francisco-Oakland-San Jose published by the U.S. Department of Labor, Bureau of Labor Statistics ("Index") between the Effective Date (or in the case of a sale of the Property by an Owner other than the initial Owner set forth in this Agreement, the date the current owner acquired the Property from the previous Owner) and the date that the Agency receives notification of an Option Event; or Fair Market Value.

The fair market value of the Property as determined by an appraiser selected and paid for by Owner and approved in writing by the Agency.

To compute the Base Resale Price, the Agency may use the Base Resale Price Worksheet attached as Exhibit D hereto, or such other form as the Agency may from time to time adopt.

5. Adjustments to Base Resale Price. Subject to the Affordable Unit Cost restriction described in subparagraph (d) below, the Base Resale Price shall be increased or decreased, as applicable, by the following adjustment factors ("Adjustment"):

(a) Capital Improvements. An increase for capital improvements made to the Property, but only if the amount of such improvements has been previously approved in writing by the Agency after Owner has submitted original written documentation of the cost to the Agency for verification. The amount of the Adjustment shall equal the original cost of any such capital improvements.

(b) Damages. A decrease by the amount necessary to repair damage to the Property, if any, and to place the Property into saleable condition as reasonably determined by the Agency upon Agency's exercise of its Option hereunder, including, without limitation, amounts attributed to cleaning; painting; replacing worn carpeting and draperies; making necessary structural, mechanical, electrical and plumbing repairs; and repairing or replacing built-in appliances and fixtures. Owner hereby covenants to, at Owner's expense, maintain the Property in the same condition as in existence on the date of Agency's Notice of Exercise, reasonable wear and tear excepted.

(c) Advances by the Agency. A decrease in an amount equal to the sum of all costs advanced by the Agency for the payment of mortgages, taxes, assessments, insurance premiums, homeowner's association fees and/or associated late fees, costs, penalties, interest, attorneys' fees, pest inspections, resale inspections and other expenses related to the Property, which Owner has failed to pay or has permitted to become delinquent.

(d) Adjusted Resale Price Not to Exceed Affordable Unit Cost. The Base Resale Price as adjusted, is hereinafter referred to as the "Adjusted Resale Price." Notwithstanding any other provision hereof to the contrary, in no event shall the Adjusted Resale Price exceed the Affordable Unit Cost.

6. Priority and Effectiveness of the Option.

(a) Recordation. This Agreement shall be recorded in the Office of the Recorder of the County of Santa Clara on or as soon as practicable after the Effective Date. The Option shall have priority over any subsequent sale, conveyance, transfer, lease or other disposition or encumbrance of the Property, or of any estate or interest therein, and in the event of exercise of the Option by Agency, the Agency shall take the Property subject only to Permitted Exceptions. Except as otherwise provided in Paragraphs 7.a and 7.b, the exercise of the Option by the Agency at any time and from time to time shall not extinguish the Option or cause a merger of the Option into any estate or other interest in the Property, and the Option shall continue to exist and be effective with respect to the Property against any and all subsequent owners in accordance with the terms and conditions hereof.

(b) Request for Notice of Default. The Agency shall file a Request for Notice of Default for recordation in the Office of the Recorder of the County of Santa Clara promptly upon execution of this Agreement (see Exhibit E).

7. Survival of Option Upon Transfer.

(a) In General. The Agency's right to exercise the Option shall survive any transfer of the Property by Owner. Each transferee, assignee or purchaser of the Property during the term hereof shall be required to execute an agreement substantially in the form of this Agreement, provided that the term of any such agreement shall be for the duration of the term hereof as of the date of any such transfer, assignment or sale. The Option may be exercised against the Property throughout the term hereof, regardless of whether the Property is owned, possessed or occupied by Owner or any successor, transferee, assignee, heir, executor, or administrator of Owner, regardless of household income (if applicable) including a debtor-in possession, debtor or trustee pursuant to Title 11 of the United States Code. Notwithstanding the foregoing, the Option shall not survive (i) the sale and transfer of the Property to a third party purchaser pursuant to a judicial or non-judicial foreclosure or a deed-in-lieu of foreclosure under a power of sale contained in a mortgage or deed of trust held by an institutional lender, provided that the Agency has received timely notice of such Option Event and has failed to either reinstate said mortgage or deed of trust or exercise its Option, or (ii) the recording of an instrument conveying Owner's interest in the Property to the Agency, or its assignee, provided the conveyance is in accordance with the terms of this Agreement.

(b) HUD Insured Mortgage. If Owner has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, and a notice of default has been recorded pursuant to California Civil Code Section 2924 (or successor provisions), then this Option shall automatically terminate if

title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured mortgage is assigned to the Secretary.

8. Voidable Transfers. As long as the Option has not been abandoned pursuant to Paragraph 3.d.v, any actual or attempted sale, conveyance, transfer or other disposition of the Property, or of any estate or interest therein, in violation of the terms and conditions of this Agreement, shall be voidable at the election of the Agency.

9. Permitted Transfers. Provided that the transferee assumes, within 30 days of a written request by the Agency, all of Owner's duties and obligations under this Agreement pursuant to a written assumption agreement in a form acceptable to Agency, or at Agency's election, execution of an agreement substantially similar to this Agreement, the following transfers ("Permitted Transfers") of title to the Property, or of any estate or interest therein, shall not be subject to the Agency's prior approval, shall not trigger the exercise of the Option, and shall not be considered Option Events: (a) a good-faith transfer by gift, devise or inheritance to Owner's spouse or issue; (b) a taking of title by a surviving joint tenant; (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding; (d) a transfer by Owner into an inter vivos trust in which the Owner is a beneficiary and the Owner continues to occupy the property as his/her primary residence; (e) an acquisition of title, or of any interest therein, in conjunction with marriage; or (f) any good faith transfer to an Eligible Household. Notwithstanding any Permitted Transfer, the Option shall remain effective with respect to the Property for the duration of the term hereof.

10. Permitted Encumbrances and Refinancing. This Option shall not become exercisable as the result of Owner's encumbering the Property for the purpose of securing financing to purchase the Property pursuant to the Program, to refinance indebtedness incurred to purchase the Property pursuant to the Program, or to make necessary repairs to the Property in an amount approved by Agency pursuant to Paragraph 5a ("Permitted Encumbrances"). The maximum aggregate amount of such encumbrances outstanding at any time (the "Permitted Encumbrance Amount") shall not exceed an amount equal to one-hundred percent (100%) of the Base Resale Price calculated as provided in Paragraph 4. The Permitted Encumbrance Amount shall be calculated as if the Agency had received notification of an Option Event on the earlier of (a) the date on which the deed of trust or mortgage securing the indebtedness is filed for record in the Office of the Recorder of the County of Santa Clara, or (b) the date the Agency receives Notice of Intent to Transfer pursuant to Paragraph 3.d.i above. Owner hereby covenants and agrees that he/she/they shall use his/her/their best efforts to ensure that any deed of trust or other agreement encumbering the property shall include provisions providing for notice to be delivered to Agency of any default thereunder and for Agency's right to cure such default at Agency's election.

11. Obligation of Owner After Option Abandonment. If the Agency records a notice of abandonment of the Option, then the Property may be sold by Owner to a third party without restriction as to price; however, upon such sale, Owner shall pay to Agency an amount ("Agency's Share") equal to eighty-five percent (85%) of the difference between (a) the actual sales price net of reasonable and customary real estate

commissions paid (such commissions not to exceed six percent (6%) of the actual sales price), and (b) the Adjusted Resale Price. The Agency's Share shall be paid to the Agency concurrently with close of escrow on the sale of the Property, or upon receipt by Owner of the sale price for the Property, whichever shall first occur.

12. Limits on Liability. In no event shall the Agency become liable or obligated in any manner to Owner by reason of the assignment of this Agreement or the Option, nor shall Agency be in any way liable or obligated to Owner for any failure of the Agency's assignee to consummate a purchase of the Property or to comply with the terms of this Agreement or the Option, or any escrow instructions or agreement for the purchase of the Property.

13. Insurance Proceeds and Condemnation Award. In the event the Property is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild the Property, or, in the event of condemnation, if the proceeds thereof are distributed to Owner, any surplus of proceeds remaining after payment of the senior liens and encumbrances on the Property shall be distributed as follows: that portion of the surplus up to, but not to exceed, the net amount Owner would have received pursuant to Paragraph 3.d.ix had the Agency exercised its Option on the date of the destruction of condemnation valuation date shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to the Agency.

14. Effective Date. The rights and obligations of the Agency and Owner set forth in this Agreement shall be effective as of the Effective Date.

15. Term of Agreement and Option. The restrictions contained herein and the Agency's option to purchase the Property shall continue until _____, 20__ [fifty-five (55) years following the date of issuance of a final certificate of occupancy for the Property].

16. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Section. All such notices shall be sent by (a) personal delivery, in which case notice shall be deemed delivered upon receipt; (b) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail; (c) nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier; or (d) facsimile transmission, in which case notice shall be deemed delivered on transmittal, provided that a transmission report is generated reflecting the accurate transmission thereof.

Agency: Milpitas Redevelopment Agency
455 Calaveras Boulevard
Milpitas, CA 95035
Attn: Executive Director
Facsimile: (408) 586-3056

Owner: _____

17. Remedies Upon Breach.

A. SPECIFIC PERFORMANCE. OWNER ACKNOWLEDGES THAT ANY BREACH IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL CAUSE IRREPARABLE HARM TO THE AGENCY. OWNER AGREES THAT THE AGENCY IS ENTITLED TO EQUITABLE RELIEF IN THE FORM OF SPECIFIC PERFORMANCE UPON ITS EXERCISE OF THE OPTION, AND THAT AN AWARD OF DAMAGES SHALL NOT BE ADEQUATE TO COMPENSATE THE AGENCY FOR OWNER'S FAILURE TO PERFORM ACCORDING TO THE TERMS OF THIS AGREEMENT.

B. OTHER REMEDIES. AGENCY SHALL HAVE ALL OF THE REMEDIES PROVIDED FOR AT LAW OR EQUITY.

18. General Provisions.

(a) ATTORNEYS' FEES. IF EITHER PARTY INITIATES LEGAL PROCEEDINGS TO INTERPRET OR ENFORCE ITS RIGHTS UNDER THIS AGREEMENT, THE PREVAILING PARTY IN SUCH ACTION SHALL BE ENTITLED TO AN AWARD OF REASONABLE ATTORNEYS' FEES AND COSTS IN ADDITIONS TO ANY OTHER RECOVERY TO WHICH IT IS ENTITLED UNDER THIS AGREEMENT.

(b) No Joint Venture; No Third-Party Beneficiary. No joint venture or other partnership exists or is created between the Parties by virtue of this Agreement. Except as expressly stated herein, this Agreement does not benefit any third party.

(c) Successors; Assignment. This Agreement shall inure to the benefit of and shall be binding upon the Parties to this Agreement and their respective heirs, executors, administrators, successors and assigns. Agency shall have the right to assign all of its rights and obligations under this Agreement without the consent of Owner.

(d) Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other prior negotiations, correspondence, understandings and agreements with respect thereto. There are no representations, promises, agreements or other

understandings between the Parties relating to the subject matter of this Agreement that are not expressed herein. This Agreement may be modified only by an instrument in writing executed by the Parties or their respective successors in interest.

(e) Survival; No Merger. All of the terms, provisions, representations, warranties and covenants of the Parties under this Agreement shall survive the close of escrow of any sale of the Property and shall not be merged in any deed transferring the Property.

(f) Authority And Execution. Each Party represents and warrants that it has full power and authority to enter into this Agreement and to undertake all of its obligations hereunder, that each person executing this Agreement on its behalf is duly and validly authorized to do so.

(g) Severability. The invalidity or unenforceability of any term or provision of this Agreement shall not impair or affect the remainder of this Agreement, and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect.

(h) Waiver; Modification. No waiver or modification of this Agreement or any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the Party to be charged therewith. No evidence or any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties arising out of or affecting this Agreement or the rights or obligations of any Party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this section may not be waived except as herein set forth. A waiver or breach of any covenant, condition or provision of this Agreement shall not be deemed a waiver of any other covenant, condition or provision hereof.

(i) Construction. The section headings and captions used in this Agreement are for convenience of reference only and shall not modify, define, limit or amplify any of the terms or provisions hereof. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it. Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of California.

(j) Time of the Essence. Time is of the essence in this Agreement as to each provision in which time is an element of performance.

(k) Further Assurances. Each Party will, upon reasonable request of the other Party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and "delivered, such further instruments and documents as may be reasonably necessary in order to fulfill the intents and purposes of this Agreement.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

OWNER(S):

AGENCY:

MILPITAS REDEVELOPMENT AGENCY

Executive Director

Agency Counsel

STATE OF CALIFORNIA _____)
_____)
-COUNTY OF SANTA CLARA _____)

On _____, 2008 before me, the undersigned, personally appeared _____ personally known to me () 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.

Signature _____

MEMORANDUM
Office of the Agency Counsel



Date: August 18, 2008
To: Honorable Mayor Esteves and Members of the Milpitas Redevelopment Agency
Board of Directors
From: Michael J. Ogaz, Agency Counsel
Copy: Thomas C. Williams, City Manager
Subject: **Item RA6: Recommended Approval of Sale and Transfer of Property from Western Pacific Housing LLC (D.R. Horton) to Lyon Milpitas LLC (Lyon Apartment Companies)**

At the August 19, 2008 Agency Board Meeting, Agency Staff is requesting in part that the Agency Board approve the sale and transfer of the Centria West site from Western Pacific Housing LLC (D.R. Horton) to Lyon Milpitas LLC (Lyon Apartment Companies). (*Item RA6*).

Pursuant to the Owner Participation Agreement Between Western Pacific Housing LLC (D.R. Horton) and the Milpitas Redevelopment Agency, approval of such a sale would involve the adoption of the following findings, which Agency Staff believes are amply supported by the record and the materials in the Staff Report and its attachments:

- (1) That at the time of this proposed transfer, the Owner Participation Agreement Between the Agency and D.R. Horton (Western Pacific) is in full force and effect, no default by D.R. Horton (Western Pacific) exists with respect to that agreement, and no contractual default will occur upon consummation of the transfer.
- (2) That the proposed transferee, Lyon Milpitas LLC, has demonstrated sufficient qualifications and experience to perform the remaining obligations under the Owner Participation Agreement.
- (3) That the proposed transferee, Lyon Milpitas LLC, agrees to be bound by all the provisions of the Owner Participation Agreement, the attached regulatory agreement, and all conditions of approval attached to all discretionary approvals applicable to the Centria West development .

Accordingly, if the Board were to approve Item RA6, the above findings would also be included in the record.