

**EXHIBIT B
NAPA PIPE
AFFORDABLE HOUSING PLAN**

1. DEFINITIONS

Initially capitalized terms unless separately defined in this Affordable Housing Plan have the meanings and content set forth elsewhere in the Agreement. Terms defined elsewhere in the Agreement and also set forth in this Section are provided herein for convenience only.

1.1 Adequate Security means security provided by Landowner that (i) provides reasonable assurances regarding the obligations secured thereby in accordance with the Agreement; and (ii) is in a form determined by Landowner and reasonably approved by the Local Agency Director of Public Works, including, but not limited to a guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby. Any security provided in connection with a final subdivision map that conforms to the requirements of Exhibit I to this Agreement, Subdivision Procedures, shall be considered Adequate Security. Landowner and Local Agency Director of Public Works will in good faith consider reasonable modifications to such Adequate Security for an Affordable Housing Parcel's Project Infrastructure as may be necessary to respond to a request from the Qualified Housing Developer's lender, provided such request does not require substantial changes to the form, scope, or nature of the Project Infrastructure security that conforms to the requirements of Exhibit I of this Agreement or increase the Landowner's costs or obligations with respect to such security, and the modified security provides adequate assurances regarding the secured obligations, as determined by the Local Agency Director of Public Works.

1.2 Adequately Secured means an obligation that is covered by Adequate Security.

1.3 Affordable or Affordable Housing Cost means (i) with respect to a Rental Residential Unit required to be Affordable to a Very Low Income Household a monthly rental charge, including a Utility Allowance, which does not exceed thirty percent (30%) of one-twelfth of fifty percent (50%) of the Area Median Income based on Assumed Household Size; (ii) with respect to a Rental Residential Unit Affordable to a Low Income Household a monthly rental charge, including a Utility Allowance which does not exceed thirty percent (30%) of one-twelfth of sixty percent (60%) of the Area Median Income based upon Assumed Household Size and (iii) with respect to Rental Residential Unit required to be Affordable to Moderate Income Household, a monthly rental charge, including a Utility Allowance, which does not exceed thirty percent (30%) of one-twelfth of one hundred ten percent (110%) of Area Median Income based upon Assumed Household Size. With respect to a For-Sale Residential Unit, Affordable or Affordable Housing Cost means a purchase price determined such that the homeowner's total annual housing payment does not exceed thirty three percent (33%) of the maximum Area Median Income permitted for the applicable type of Residential Unit, based upon Assumed Household Size. For purposes of such For-Sale Residential Units, the total annual housing payment will include principal and interest on a fixed rate thirty (30) year mortgage with

commercially reasonable rates, points, and fees, assuming a five percent (5%) downpayment, taxes and assessments and any homeowners association dues.

1.4 Affordable Housing Contribution has the meaning set forth in Section 5 hereof.

1.5 Affordable Housing Parcel shall mean a parcel designated by Landowner and approved by the County as a site for development of an Affordable Housing Project, meeting the standards for Developable Affordable Parcels.

1.6 Affordable Housing Parcel Deed means a grant deed substantially in the form of Attachment A hereto.

1.7 Affordable Housing Project means a Residential Project containing Low Income Homes and may also contain other uses permitted under the Agreement or other Project Approvals.

1.8 Approved Sites has the meaning set forth in Section 3.2 hereof.

1.9 Area Median Income means the median income for households in Napa County, as established and periodically amended by HUD pursuant to Section 8 of the United States Housing Act of 1937, with adjustments for actual household size or Assumed Household Size as specified in this Affordable Housing Plan.

1.10 Assumed Household Size means the total number of bedrooms in a Residential Unit multiplied by 1.5.

1.11 Commence Construction or Commencement of Construction means, for purposes of this Affordable Housing Plan, commencement of excavation for or commencement of structural foundations for a Residential Project.

1.12 Completed means, for purposes of this Affordable Housing Plan, completion of all Project Infrastructure required by Local Agency in order to enable a Qualified Housing Developer to obtain a building permit to Commence Construction and upon the completion of construction, to obtain a permanent certificate of occupancy for the Affordable Housing Project, subject only to (i) satisfaction of any conditions related to subdivision and completion of all improvement work required under the applicable Subsequent Approvals for the Developable Affordable Parcel (other than any Project Infrastructure obligation within the responsibility of Landowner); (ii) submittal of building plans to the Local Agency for approval; and (iii) payment of all applicable Processing Fees.

1.13 Conveyance Agreement means that agreement between the County and the Qualified Housing Developer which specifies the terms by which the County will convey the Developable Affordable Parcel to the Qualified Housing Developer. The form of the Conveyance Agreement is attached to this Affordable Housing Plan as Attachment B.

1.14 Costa-Hawkins Act has the meaning set forth in Section 6 hereof.

1.15 Deferred Project Infrastructure means items of Project Infrastructure related to the applicable Developable Affordable Parcel consisting of (i) final, primarily behind the curb, right-of-way improvements, including, sidewalks, light fixtures, street furniture, landscaping, irrigation and drainage, and driveway cuts, and (ii) utility laterals serving the applicable Developable Affordable Parcel, including storm, sewer, water, reclaimed water, dry utilities, and joint trench as necessary to provide operable electrical, gas, phone and cable, and utility boxes.

1.16 Developable Affordable Parcels means a Residential Project building site to be prepared by Landowner and conveyed to the County for subsequent conveyance to a Qualified Housing Developer that complies with all of the following:

1.16.1 The building site has been environmentally remediated to a standard sufficient to allow for residential development on the Affordable Housing Parcel. Environmental remediation shall be evidenced by a no further action letter or similar letter from the applicable regulatory entity stating that the building site is appropriate for residential use.

1.16.2 The building site has been rough graded in accordance with the grading plans approved by the County;

1.16.3 A final subdivision map for conveyance and financing of the building site as a separate legal parcel has been recorded in the Official Records of the County of Napa.

1.16.4 Landowner has Completed all Project Infrastructure applicable to the building site (with the exception of any Deferred Project Infrastructure which shall be governed by the procedures of Section 3.7 hereof), or Landowner's obligation to Complete such Project Infrastructure is covered in a subdivision or other separate improvement agreement governing the applicable Project Infrastructure (including any Deferred Project Infrastructure) in which (i) Landowner is obligated to Complete the applicable Project Infrastructure (other than any applicable Deferred Project Infrastructure) on the earlier of (A) the date that the Qualified Housing Developer Commences Construction of the Affordable Housing Project provided such date is not less than one hundred eighty (180) days after Landowner receives written notice from the Qualified Housing Developer of the date that the Qualified Housing Developer intends to Commence Construction of the Affordable Housing Project, or (B) two (2) years from the recordation of the final subdivision map referenced in Section 1.16.3 above; and (ii) Landowner's obligations to Complete the Project Infrastructure and Deferred Project Infrastructure within the timeframes required under the subdivision or other separate improvement agreement have been Adequately Secured.

1.17 For-Rent or Rental Residential Unit means a Residential Unit which is not a For-Sale Residential Unit.

1.18 For-Sale Residential Unit means a Residential Unit which is intended to be offered for sale.

1.19 HCD means the California Department of Housing and Community Development.

1.20 HUD means the United States Department of Housing and Urban Development.

1.21 Inclusionary Units means a For-Sale Residential Unit or a For-Rent Residential Unit which is available to and occupied by Moderate Income Households and sold or rented at an Affordable Housing Costs for Moderate Income Households.

1.22 Initial Financing Plan means the financing plan for the construction of all of the Low Income Homes to be developed by the Qualified Housing Developer in consultation with the Landowner and the County as described in Section 3.4.

1.23 Low Income Homes shall mean Residential Units constructed by a Qualified Housing Developer on the Developable Affordable Parcels which are available at an Affordable Housing Cost and rented to Very Low Income Households or Low Income Households.

1.24 Low Income Household means a household with an annual income which does not exceed sixty percent (60%) of Area Median Income, adjusted for actual household size.

1.25 Market Rate or Market Rate Residential Unit means a Residential Unit which has no restrictions or requirements under this Affordable Housing Plan with respect to affordability levels or income restrictions for occupants other than the marketing requirements set forth in Section 4.3.

1.26 Moderate-Income Household means households whose income does not exceed the moderate income limits applicable to Napa County as published annually by HCD pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision).

1.27 Project Financing Plan means the financing plan for each Affordable Housing Project to be prepared by the Qualified Housing Developer and submitted to the County for its approval in accordance with the Conveyance Agreement.

1.28 Qualified Housing Developer means: organizations including governmental or quasi-governmental agencies, nonprofits and limited partnership with the financial capacity and experience and a proven history of developing Low Income Homes consistent with the character and quality of the Residential Projects, the Development Agreement and this Affordable Housing Plan. The County has approved MidPen Housing Corporation as a Qualified Housing Developer.

1.29 Regulatory Agreement means that agreement to be recorded against the Affordable Housing Parcels to ensure that the parcels are utilized for Low Income Homes. The form of the Regulatory Agreement is attached to this Affordable Housing Plan as Attachment C.

1.30 Residential Project means a Project containing Residential Units and may also contain other uses permitted under the Development Agreement and the Project Approvals.

1.31 Residential Unit means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, with or without shared living spaces, such as kitchens, dining facilities or bathrooms.

1.32 Site Selection Process has the meaning set forth in Section 3.3 hereof.

1.33 Title Defects has the meaning set forth in Section 3.5 hereof.

1.34 Utility Allowance means a utility allowance based on the utility allowance schedule published by the City of Napa Housing Authority or the California Tax Credit Allocation Commission.

1.35 Very Low Income Household means a household with an annual income which does not exceed fifty percent (50%) of Area Median Income, adjusted for actual household size.

2. AFFORDABLE HOUSING OBLIGATIONS.

A total of twenty percent (20%) of all Residential Units developed on the Property shall be affordable to Very Low Income Households, Low Income Households and Moderate Income Households. As described in this Affordable Housing Plan, based on the maximum development of 945 Residential Units permitted under this Agreement, not fewer than one hundred and forty (140) Low Income Homes are required to be developed and not fewer than seventy (70) of the Low Income Homes are required to be Affordable to Very Low Income Households, with the remaining Low Income Homes Affordable to Low Income Households. The Low Income Homes will be built on land to be contributed by the Landowner to the County which will in turn convey the land to Qualified Housing Developers in accordance with Section 3 hereof. Fifty (50) of the Residential Units shall be affordable to Moderate Income Households and are expected to be developed by the Landowner as Inclusionary Units integrated with the Market Rate Residential Units in accordance with Section 4 of this Affordable Housing Plan. In addition, Landowner is required to make an Affordable Housing Contribution to the County in the amount of [**One Million Dollars (\$1,000,000)**] to be deposited by the County into the Affordable Housing Fund and used in accordance with the terms of this Affordable Housing Plan, as more particularly described in Section 5 hereof.

3. AFFORDABLE HOUSING LAND CONVEYANCE.

3.1 Affordable Housing Parcel Conveyance. Landowner shall convey to the County, at no cost to the County, Developable Affordable Parcels of sufficient size and physical characteristics to accommodate the development of Affordable Housing Projects to provide the Low Income Homes required by this Affordable Housing Plan. Landowner shall convey a Developable Affordable Parcel in Phase Two sufficient for the development of a minimum of fifty (50) Low Income Homes. Landowner shall convey a Developable Affordable Parcel in Phase Three sufficient for the development of a minimum of fifty (50) Low Income Homes. Landowner shall convey a Developable Affordable Parcel in Phase Four sufficient for the development of the remaining required Low Income Homes not accommodated in conveyances of Developable Affordable Parcels in Phase Two and Phase Three. The County will convey the Developable Affordable Parcel, at no cost, to Qualified Housing Developers in accordance with

the Conveyance Agreement. County agrees that the Affordable Housing Parcels may be used only for the construction of Low Income Homes as described in this Affordable Housing Plan.

3.2 Approved Sites. It is contemplated that Landowner will satisfy its obligation to convey Developable Affordable Parcels for development of the Low Income Homes in accordance with Section 3.1 of this Affordable Housing Plan by Completing all applicable Project Infrastructure (with the exception of any Deferred Project Infrastructure which shall be governed by the procedures of Section 3.7 hereof) and by conveying the Developable Affordable Parcel selected in accordance with the procedures of this Section 3.2 and Section 3.3 hereof.

3.2.1 Landowner has selected and the County has approved Parcel 17 (Phase Two), Parcel 19 (Phase Three) and Parcel 4 (Phase Four) as shown on the Land Use Plan, Exhibit G to the Agreement for the development of the Low Income Homes (individually and collectively, the "**Approved Sites**"). The Approved Sites are more particularly described on the Master Map.

3.2.2 Prior to, or in connection with, Landowner's submittal of a Final Map that includes an Approved Site, Landowner may substitute another parcel for an Approved Site, or modify or substitute an Approved Site in accordance with Section 3.3 below. For purposes of the Final Map, a change in an Approved Site approved in accordance with this Affordable Housing Plan shall be considered in substantial conformance with the Master Map.

3.3 Modification or Substitution of Approved Site. Landowner and the County shall comply with the following procedures (the "**Site Selection Process**") to determine any modification, reconfiguration, relocation or substitution of an Approved Site.

3.3.1 A parcel (except as provided herein) proposed by Landowner to be modified, reconfigured, relocated or substituted for an Approved Site must meet the following criteria unless explicitly waived in writing by the County:

(i) Size. Be of sufficient size to accommodate the same number of Low Income Homes as the Approved Site taking into account the physical characteristics of the parcel and assuming a minimum density of twenty (20) units per acre.

(ii) Dimensions. Parcel dimensions shall be generally similar in shape to lots designated for Market Rate Residential Units with a similar configuration.

(iii) Frontages. Have a minimum of one (1) frontage (which may include an alleyway) that provides immediate vehicular access and immediate pedestrian access to a publicly accessible walkway or right of way.

(iv) Fiscal Impact. Not have a negative impact on the reasonably anticipated or proposed financing for the development of Low Income Homes on the parcel when compared to the Approved Site.

(v) Dispersal of Affordable Units, Timing and Location. Maintains the overall balance of providing Low Income Homes with access to transit, proximity

to parks and other public amenities and that are dispersed throughout the Site, integrates the location of the Affordable Housing Parcel and the Market Rate Residential Units, and generally maintains the timing and proportionality of Low Income Homes and the Market Rate and Inclusionary Units relative to the Phasing Plan.

(vi) Site Conditions. Should not result in a parcel that is more difficult or expensive to develop (i.e., sites that include the need for extensive retaining walls, subsurface improvements, ongoing monitoring responsibilities, or that cannot accommodate the contemplated parking or common areas).

(vii) Project Infrastructure. Has or will have Project Infrastructure (other than the Deferred Project Infrastructure), access, and utility connections that are sufficient to support the proposed Affordable Housing Project at Commencement of Construction of the Affordable Housing Project.

(viii) Other Matters. The County may consider such additional or unique matters as may arise during the course of the development of the Project.

3.3.2 Within thirty (30) days after Landowner has provided the information in Subsection 3.3.1 above, the County shall confirm its agreement, such agreement not to be unreasonably withheld, that the proposed parcel meets the criteria of this Section. In the event the County does not agree that the criteria in Subsection 3.3.1 above have been met and the Parties are unable to resolve such disagreement within thirty (30) days thereafter, the Landowner shall not be allowed to modify or substitute the Approved Site with the proposed parcel.

3.4 Conditions to Conveyance of Developable Affordable Parcels. Landowner shall convey a Developable Affordable Parcel in each Phase to the County when the following conditions have been met:

3.4.1 Landowner has designated MidPen Housing Corporation as the Qualified Housing Developer to develop the Developable Affordable Parcel in a particular Phase, or Landowner has designated an alternative Qualified Housing Developer that has been approved by County.

3.4.2 The Affordable Housing Parcel meets all of the conditions necessary to be a Developable Affordable Parcel.

3.4.3 The County shall have approved an Initial Financing Plan prepared by the Qualified Housing Developer, in consultation with the County and the Landowner, for the construction and operation of the Low Income Homes. The Initial Financing Plan shall include a sources and uses breakdown of the costs of constructing the Low Income Homes on the Developable Affordable Parcels, and an operating proforma for the Low Income Homes and may show separate sources and uses and operating proformas for each of the Developable Affordable Parcels. Such sources and uses breakdown and operating proforma shall reflect the Qualified Housing Developer's then current expectations for development costs and funding sources (including, without limitation, funding provided from the County's Affordable Housing Fund and low income housing tax credits, federal and state affordable housing funding sources and

conventional loans). The County's review of the proposed Initial Financing Plan shall be solely to determine if, in the County's reasonable judgment, there are sufficient sources of funds available to construct and operate the Low Income Homes. The County shall either approve or disapprove the Initial Financing Plan in writing within thirty (30) days of receipt. If disapproved, the County shall give specific reasons for disapproval. If the Initial Financing Plan is disapproved, the Landowner and Qualified Housing Developer may resubmit, and the County shall promptly review and approve or disapprove a revised Initial Financing Plan that addresses the reasons for disapproval.

3.4.4 The County and the Qualified Housing Developer have entered into a Conveyance Agreement for the Developable Affordable Parcel, which shall be substantially in the form attached hereto as Attachment B. The County and the Qualified Housing Developer shall enter into the Conveyance Agreement no later than close of escrow for conveyance of each Affordable Housing Parcel to the County.

At a minimum the Conveyance Agreement shall include the following:

(i) The Qualified Housing Developer shall be obligated to obtain all applicable Subsequent Approvals, including without limitation design review approval in accordance with the Project Approvals, prior to conveyance of the Developable Affordable Parcel.

(ii) The Qualified Housing Developer shall (A) have submitted or be required to submit an Initial Financing Plan, as described in Section 3.4.3 and (B) be required to submit to the County for its approval a Project Financing Plan prior to conveyance of the Developable Affordable Parcel. The Project Financing Plan shall be in substantial conformance with the guiding documents of the Napa County Affordable Housing Trust Fund, including specifically (a) the Policies and Procedures Manual (approved in 2010); (b) the Multifamily Rental Housing Transaction Underwriting Guidelines (approved in 2010); and (c) any updated versions of these documents or new guiding policies and documents that may be issued for the Affordable Housing Trust Fund prior to the date for submission of the Project Financing Plan in the Conveyance Agreement. The Project Financing Plan shall include sources and uses breakdown of the costs of constructing the Low Income Homes on the Developable Affordable Parcel and an operating proforma for the Low Income Homes. Funding sources identified in the Project Financing Plan shall be based on evidence of preliminary funding commitments reasonably satisfactory to County. Notwithstanding the foregoing, if the Qualified Housing Developer is unable to provide preliminary commitments for sources of funds other than funding provided from the County's Affordable Housing Fund, the County in its sole discretion may nevertheless approve the Project Financing Plan based on information provided by the Qualified Housing Developer as to the feasibility of such identified sources not already committed and the County's own investigation as to the feasibility of obtaining such funding sources, including competitiveness of the proposed development for such sources based on the then applicable scoring systems in place for such funding sources. The County shall either approve or disapprove the Project Financing Plan in writing within thirty (30) days of receipt. If disapproved, the County shall give specific reasons for disapproval. If the Project Financing Plan is disapproved, the Qualified Housing Developer may resubmit, and the County shall

promptly review and approve or disapprove a revised Project Financing Plan that addresses the reasons for disapproval.

(iii) The Qualified Housing Developer shall be obligated to provide to the County a breakdown of the number of Low Income Homes it intends to develop and rent at Affordable Housing Costs to Very Low Income Households and Low Income Households prior to conveyance of the Developable Affordable Parcel to the Qualified Housing Developer. No fewer than fifty percent (50%) of the Low Income Homes to be developed on each Developable Affordable Parcel shall be Affordable to Very Low Income Households unless the number of Completed Low Income Homes Affordable to Very Low Income Households exceeds fifty percent (50%) of the total number of Low Income Homes Completed, in which event the Qualified Housing Developer may propose a lesser number of Low Income Homes Affordable to Very Low Income Households as long as the total number of Low Income Homes Affordable to Very Low Income Households Completed plus the number proposed is not less than fifty percent (50%) of the total number of Low Income Homes Completed and proposed.

(iv) The Qualified Housing Developer shall be obligated to develop and construct the Affordable Housing Project in accordance with the applicable Project Approvals and Subsequent Approvals and to manage and operate the Low Income Homes consistent with the requirements of this Affordable Housing Plan.

(v) Prior to conveyance of the Developable Affordable Parcel, the Qualified Housing Developer shall have secured the financing necessary for the development and operation of the Low Income Homes consistent with the approved Initial Financing Plan and, upon approval, the Project Financing Plan. If the Qualified Housing Developer is not able to obtain any source of financing that was identified in the approved Project Financing Plan, the Conveyance Agreement shall require the Qualified Housing Developer to submit to the County an updated Project Financing Plan showing alternative sources of funding and feasibility of obtaining such funding.

(vi) The Qualified Housing Developer shall be required to enter into a Regulatory Agreement for the benefit of the County (which shall be binding on their respective successors and assigns) substantially in the form attached as Attachment C. The Regulatory Agreement shall require that the Low Income Homes be rented at an Affordable Housing Cost and occupied by Very Low Income Households and Low Income Households. The Regulatory Agreement will be recorded on the Developable Affordable Parcel at the time of conveyance to the Qualified Housing Developer.

(vii) The Conveyance Agreement will include performance measures that the Qualified Housing Developer is required to meet with regards to the development of the Low Income Homes and grant the County the right to terminate the Conveyance Agreement in the event the Qualified Housing Developer fails to meet the performance measures.

(viii) The Conveyance Agreement shall include a right of reverter for the benefit of the County that will provide the County the right to reacquire title to the Developable Affordable Parcel if the Qualified Housing Developer fails to construct the Low

Income Homes in accordance with the terms and conditions of the Conveyance Agreement. If the County acquires the Developable Affordable Parcel pursuant to the right of reverter, the County shall take title subject to the Regulatory Agreement and the conditions set forth in this Affordable Housing Plan and shall cause the development of the proposed Affordable Housing Project on the Developable Affordable Parcel consistent with the Project Approvals and Subsequent Approvals. If the County exercises its right of reverter and the Qualified Housing Developer has accepted a Deferred Infrastructure Liquidation Amount pursuant to Section 3.7 below and the Qualified Housing Developer has not installed the Deferred Project Infrastructure prior to the exercise of the right of reverter, the Qualified Housing Developer will be required to pay the Deferred Infrastructure Liquidation Amount to the County at time of transfer of Title on the Developable Affordable Parcel. If the County exercises the right of reverter and takes title to the Developable Affordable Parcel, the County shall also be entitled to an assignment of all plans, studies and other materials prepared by the Qualified Housing Developer related to the development of the Affordable Housing Project, provided the County and the Qualified Housing Developer are able to reach agreement on compensation to the Qualified Housing Developer for the costs incurred for the preparation of such plans and studies.

(ix) The Qualified Housing Developer shall waive and release any rights to remonstrate against any pending or future annexation of the Developable Affordable Parcel to the City of Napa, which waiver shall be a covenant running with the land and shall be binding upon all transferees, successors, and assigns and shall be a requirement in all residential leases for the Low Income Homes constructed on the Developable Affordable Parcel.

(x) The Qualified Housing Developer shall be required to give the Landowner the Preliminary Development Notice required pursuant to Section 3.6 as well as a written Commencement Notice at least six (6) months prior to the date the Qualified Housing Developer intends to Commence Construction and to provide the Landowner with notice of any subsequent revision to Qualified Housing Developer's Commencement of Construction date in order to allow the Landowner sufficient time to coordinate and Complete the applicable Project Infrastructure (other than Deferred Project Infrastructure) required to provide access and utility service to the Developable Affordable Parcel prior to Commencement of Construction.

(xi) The Qualified Housing Developer shall agree to maintain the Affordable Housing Parcel in a safe and orderly condition, including by fencing it to prevent entry by the public.

(xii) The Conveyance Agreement shall incorporate the provisions of Sections 3.6 and 3.7.

(xiii) Such other requirements as the County and the Qualified Housing Developer may mutually determine are necessary to meet the goals and objectives of this Affordable Housing Plan to ensure the development of the Low Income Homes.

3.4.5 The County has approved the Affordable Housing Parcel as meeting all of the standards necessary to create a Developable Affordable Parcel and shall have

completed all environmental studies required to be deemed a Bona Fide Prospective Purchaser, as defined in CERCLA § 101(40) and implementing regulations.

3.5 Conveyance of Developable Affordable Housing Parcels to County.

3.5.1 Within thirty (30) days of satisfaction of the conditions set forth in Section 3.4, the Landowner shall deliver to the escrow established by the Landowner and the County an Affordable Housing Parcel Deed substantially in the form attached hereto as Attachment A, conveying title to the County, at no cost. Landowner shall be responsible for paying all escrow costs, transfer tax, recording fees and title insurance costs for a CLTA Owner's Policy with reasonable endorsements.

3.5.2 At close of escrow conveying the Developable Affordable Parcel to the County, a memorandum of the Conveyance Agreement shall be recorded against the Developable Affordable Parcel.

3.5.3 At close of escrow, the Landowner shall deliver insurable title to the Affordable Housing Parcel to the County free and clear of liens, encumbrances, leases or other rights or possession, actual possession by any person, covenants, easements, taxes, assessments and other limitations or title defects, and all claims to any of the foregoing (collectively, "**Title Defects**"), except:

- (i) applicable building and zoning laws and regulations;
- (ii) the Affordable Housing Parcel Deed;
- (iii) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Affordable Housing Parcel Deed;
- (iv) title exceptions reasonably approved by the County; and
- (v) the liens of any financing approved by the County.

The exceptions listed in (i) through (v) are the "**Approved Title Exceptions.**"

3.5.4 The County, after obtaining title to the Developable Affordable Parcel shall subsequently convey the Developable Affordable Parcel to the Qualified Housing Developer in accordance with the terms of the Conveyance Agreement and subject only to the Approved Title Exceptions.

3.5.5 Prior to the conveyance of a Developable Affordable Parcel to the County, the Landowner shall reasonably cooperate with the County's or Qualified Housing Developer's requests to be a co-applicant on any tax credit or other financing application for the financing of Low Income Homes on the Affordable Housing Parcel, provided that such reasonable cooperation shall be at no cost to the Landowner and the Landowner shall assume no liability whatsoever relating to or arising out of the Landowner being a co-applicant.

3.6 Preliminary Development Notice.

3.6.1 The planning, design and construction of the Affordable Housing Project and its associated Project Infrastructure and Deferred Project Infrastructure required to provide minimum access and utility services for the Affordable Housing Project will require cooperation and coordination between Landowner and the Qualified Housing Developer, and coordination and cooperation will also be required of them with respect to the construction of other projects and Project Infrastructure that may, from time to time, also be concurrently under construction. The Qualified Housing Developer and Landowner shall agree to cooperate and to take all acts reasonably necessary to reduce conflicts between the Affordable Housing Project's development and its associated Project Infrastructure and the development of other portions of the Property and associated Project Infrastructure.

3.6.2 The Qualified Housing Developer shall provide Landowner with a preliminary development notice at the earlier of (i) eighteen (18) months prior to its targeted date for Commencement of Construction on a Developable Affordable Parcel, or (ii) the date that Qualified Housing Developer submits its first application for tax credit financing to the California Tax Credit Committee (the "**Preliminary Development Notice**"). The Preliminary Development Notice shall include to the extent available, and if not then available, as soon thereafter as such information becomes available, the information reasonably required to prepare and coordinate approval of improvement plans, permits and agreements, including the Qualified Housing Developer's anticipated construction start date, preliminary construction schedule, description of the general location of buildings, parking areas, site access, schematic utility design, power loads, wet utility demands and sanitary discharge loads, and anticipated dates for completion of construction of the Affordable Housing Project, when Deferred Project Infrastructure, including utility hookups and public access, will be required. The Preliminary Development Notice shall be updated on regular intervals, but not less frequently than every three months.

3.6.3 The Qualified Housing Developer shall notify Landowner if at any time, or from time to time, its development plans, or changes thereto, are likely to require changes to the Project Infrastructure or Deferred Project Infrastructure, or to the noticed Completion dates thereof. The Qualified Housing Developer and Landowner shall agree to negotiate in good faith with respect to any amendments to such construction schedule as may be necessary or appropriate from time to time to enable Landowner to prepare and obtain approval of necessary improvement plans, and to obtain required permits and authorizations for any Project Infrastructure changes.

3.6.4 Landowner shall provide the Qualified Housing Developer with a reasonable opportunity (of not less than fourteen (14) days), to review and comment on draft improvement plans for Project Infrastructure and Deferred Project Infrastructure, provided that nothing herein shall require Landowner to delay preparation or approval of improvement plans or construction to accommodate the Qualified Housing Developer's schedule for design and construction, absent notice and request from the Qualified Housing Developer and consent thereto by Landowner. Upon conveyance of the Developable Affordable Parcel to the County, Landowner shall provide the County and the Qualified Housing Developer with a copy of the

approved Project Infrastructure Improvement Plans applicable to the Affordable Housing Parcel and shall thereafter provide copies of any modifications thereto.

3.7 Coordination of Construction and Deferred Project Infrastructure.

3.7.1 The Parties intend that Deferred Project Infrastructure related to an Affordable Housing Parcel will be completed by Landowner in coordination with the development of the Affordable Housing Project on the Affordable Housing Parcel. Landowner's obligation to Complete the Deferred Project Infrastructure will be secured by Adequate Security, and County shall cause the Qualified Housing Developer to provide Landowner with all access needed to Complete the Deferred Project Infrastructure on the Affordable Housing Parcels. Landowner shall coordinate the construction of the Deferred Project Infrastructure with the construction of the Affordable Housing Project to ensure that (i) the Deferred Project Infrastructure (other than utility laterals serving the applicable Affordable Housing Parcel) is Completed at or before completion of the Affordable Housing Project, (ii) the utility laterals serving the applicable Affordable Housing Parcel are Completed in coordination with the construction of the Affordable Housing Project, and (iii) Landowner's work does not interfere with or obstruct the Qualified Housing Developer's work during such construction to the maximum extent reasonably feasible and that the Qualified Housing Developer's work similarly does not interfere with Landowner's work.

3.7.2 Notwithstanding the foregoing, if Landowner has Commenced the Project Infrastructure required to serve parcels adjacent to or in the same Phase and in the vicinity of a Developable Affordable Parcel, then Landowner shall have the right to Commence and Complete the Deferred Project Infrastructure related to that Affordable Housing Parcel (other than the utility laterals for that particular Affordable Housing Parcel) even though design, development or construction of the applicable Affordable Housing Project may not yet have Commenced to the same extent.

Landowner shall provide the Qualified Housing Developer and the County not less than ninety (90) days' notice of its intent to Commence the Deferred Project Infrastructure, and such right shall accrue unless (i) the County or the Qualified Housing Developer objects within thirty (30) days following the receipt of Landowner's notice, and (ii) the County or Qualified Housing Developer, as applicable, and the Landowner agree, within sixty (60) days following the objection, to a payment amount equal to Landowner's anticipated cost of completing some or all of the Deferred Project Infrastructure on the applicable Affordable Housing Parcel (the "**Deferred Infrastructure Liquidation Amount**"). The County, the Qualified Housing Developer, and the Landowner shall meet and confer in good faith during the 60-day period (or such longer period as may be agreed to by the County, the Qualified Housing Developer and the Landowner) to reach agreement on the Deferred Project Infrastructure Liquidation Amount. Landowner shall provide its estimate of such costs, based upon the Deferred Project Infrastructure to be completed and substantiated by qualified contractor bid(s) or estimates(s) specifying the quantity and cost to complete the Deferred Project Infrastructure. If the County, Qualified Housing Developer and the Landowner are able to reach agreement on the Deferred Infrastructure Liquidation Amount, then Landowner shall promptly pay this sum to the then current owner of the Affordable Housing Parcel, either the County or the Qualified Housing Developer, and thereafter (i) Landowner shall be released from any further obligation to