

SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

This Second Amendment to Disposition and Development Agreement (the "Second Amendment") is entered into on _____, 2016 ("Effective Date"), by and between the CARSON HOUSING AUTHORITY, a public body, corporate and politic ("the Authority") and AFFIRMED HOUSING GROUP, INC., a Delaware corporation ("Developer") with respect to the following:

RECITALS

WHEREAS, Authority and Developer entered into that certain Disposition and Development Agreement dated June 16, 2015, which was amended by that certain First Amendment to Disposition and Development Agreement dated February 16, 2016 (collectively the "DDA"), which provided for financial assistance for costs incurred in developing a 65-unit senior affordable housing project; and

WHEREAS, the Authority assistance to the Project shall partly be in the form of a Two Million Seven Hundred Thousand Dollar (\$2,700,000) cash grant to Recipient; and

WHEREAS, Developer has requested that the cash grant be made to NEXUS for Affordable Housing, Inc., a California non-profit corporation instead of Developer, which will loan the proceeds of the Grant to Developer, or its assignee (the "Developer Loan"), for use in connection with the development and construction of the Project pursuant to the terms of the DDA;

NOW, THEREFORE, based upon the foregoing recitals and the terms, conditions, covenants, and agreements contained herein, the parties hereto agree as follows:

Section 1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the DDA.

Section 2. Developer and Authority agree that the Two Million Seven Hundred Thousand Dollar (\$2,700,000) in Grant Funds will be granted by Authority to NEXUS for Affordable Housing, Inc., a California non-profit corporation ("Recipient"), instead of Developer.

Section 3. Developer and Authority agree that paragraph 2 of Section 403.2 of the DDA shall be revised as follows:

(2) Authority Financial Assistance to Developer.

The total estimated cost of the Project is approximately TWENTY THREE MILLION SIX HUNDRED FIFTY-SIX THOUSAND SIX HUNDRED DOLLARS AND NO CENTS (\$23,656,600.00), as further described in the Project Budget. This estimated cost includes the hard and soft costs of constructing the Project. Authority shall secure and provide up to TWO MILLION SEVEN HUNDRED SIXTY-FIVE THOUSAND DOLLARS AND NO CENTS (\$2,765,000.00) of cash financing ("Authority Cash Financing"), plus, as a grant, TWO

MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,700,000.00) in grant financial assistance ("Grant Funds"), and the Site as a grant to Developer by conveyance thereof, the value of the Site which is THREE MILLION ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS AND NO CENTS (\$3,135,000.00), which value is based on the Authority's acquisition costs, but which amount may be increased based upon a future appraisal which may be obtained by the Developer, (the "Land Value"); the Authority Cash Financing, the Grant Funds and the Land Value are collectively, the "Authority Financial Assistance." In no event shall the Authority Cash Financing exceed \$2,765,000.00, nor shall the Grant Funds exceed \$2,700,000.00. The Grant Funds shall be given by the Authority directly to Recipient, which shall enter into a Grant Agreement with the Authority in the form identical to Exhibit "A" attached hereto. Under the terms of the Grant Agreement, Recipient will loan the Grant Funds to the Developer for use in connection with the development and construction of the Project pursuant to the terms of the DDA.

The Grant Funds come from, and the Site was purchased using, proceeds from the issuance of the Tax Allocation Housing Bonds, 2010 Series A, issued by the Community Redevelopment Agency of the City of Carson, California. The use of said bond proceeds must at all times be consistent with the trust indenture and all other documents and agreements related to the issuance of the bonds. Therefore, the Grant Funds and the Land Value are being committed to the Project as a grant without being subject to the terms the Note, as described in the Agreement.

Notwithstanding the aforementioned, in the event of default by the Developer, which remains uncured for thirty (30) days after the Authority serves Developer with a notice of default, the Authority shall be entitled to terminate this Agreement and have the Grant Funds returned by the defaulting party, this includes all of Authority's disbursements of the Authority's Grant Funds made to, or on behalf of, Recipient, Developer or the Project, which repayment shall be made within fifteen (15) days of receipt of written notice from the Authority.

The Authority Financial Assistance is based on the Project Budget, which assumes a tax credit application as described in Section 401 of the Agreement.

Section 4. Developer and Authority agree that, Sections 403.3 (a) through (c) of the Agreement shall be revised as follows:

(3) Disbursement of Authority Cash Financing.

Authority agrees to provide the Authority Cash Financing to the Developer for funding of certain predevelopment and construction costs. The Authority Cash Financing and the Grant Funds shall be disbursed in accordance with the Project Budget and may take the form of cash disbursements, advancements, reimbursements, or such other form as deemed necessary by the parties to carry out the Project, as provided in this Section. The Authority Cash Financing and the Grant Funds shall be disbursed as described below; notwithstanding the foregoing, the Grant Funds shall be disbursed only after all the Authority Cash Financing has been completely exhausted.

(a) Disbursement of Funds. The Authority Cash Financing and Grant Funds shall be disbursed by Authority to Recipient or Developer, as the case may be, pursuant to the requirements of the Low Mod Funds Program as set out in all relevant documents, including any amendments thereto, and as follows: (i) Developer may request a draw down on amounts necessary to pay Authority-approved predevelopment costs, which draw, if requested, shall be funded concurrently with the Close of Escrow, provided that Developer has submitted all required documentation to the Authority in connection with such draw (as further described in Subsection (b) below); and (ii) after construction has commenced disbursements, less ten percent (10%) which shall not be disbursed until Completion, shall be tendered no more than every thirty (30) days, in arrears.

(b) Predevelopment; Construction Costs. Authority agrees to provide the Authority Cash Financing to Developer, in part, to reimburse the Developer for certain predevelopment and construction costs. The predevelopment draws shall reimburse Developer for costs including, but not limited to, architect and engineering costs, city fees and financing costs if and as indicated on the Developer's proforma for the Project and shall not exceed SEVEN HUNDRED FIFTY THOUSAND DOLLARS AND NO CENTS (\$750,000.00). In the event of a default, said plans, drawings, specifications, reports and other documents prepared by Developer or Developer's contractors or vendors shall become the property of Authority and shall be delivered to Authority by Developer within ten (10) days of receipt of Notice from Authority; provided that, (i) Authority shall reimburse Developer for the cost of preparing such plans, drawings, specifications, special reports, and other documents prepared by Developer or Developer's contractors or vendors; (ii) all necessary third party consents have been obtained, and (iii) such plans, drawings, specifications, special reports, and other documents prepared by Developer or Developer's contractors or vendors shall be delivered without any representations or warranties of Developer.

(c) Applications for Disbursement. The remaining balance of the Authority Cash Financing, after predevelopment costs have been reimbursed, and the total of the Grant Funds shall be available on a reimbursement basis for disbursement of construction costs during construction of the Project, as requested by Developer or Recipient, as the case may be, pursuant to an Application for Disbursement. On or about the 30th day of each month after the Close of Escrow, and after the close of all construction financing for the construction costs and continuing until all of the Authority Cash Financing and Grant Funds have been disbursed, the Developer and/or Recipient shall submit to the Authority an "Application for Disbursement" which shall include:

(i) A written, itemized statement, signed by a representative of the Developer which sets forth: (i) a description of the work performed, material supplied, and/or costs incurred or due for which disbursement is requested; and (ii) the total amount incurred, expended and/or due for the requested disbursement. If requested by Authority, back up documentation shall be presented to substantiate the disbursement request. All moneys applied for and disbursed pursuant to this Section shall be applied only for the corresponding improvements and the statement(s) by the representative of the Developer shall so affirm, in a writing signed under penalty of perjury.

(ii) Mechanics lien waivers including: (i) a Conditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(1)) for itself and each contractor covered by such Request Payment, (ii) an Unconditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(2)) for itself and each of its contractors covering the full amount of all previous payments made to Developer, and (iii) an Unconditional Waiver and Release Upon Final Payment (California Civil Code Section 3262(d)(4)) for its contractors who have completed their work and for whom Developer has received full payment.

(iii) An Architect's certificate of substantial completion, prior to the final disbursements.

(iv) Certification that in completing construction pursuant to this Section, the Developer has complied with all applicable laws. Each Application for Disbursement by the Developer shall constitute a representation and warranty by the Developer that all work encompassed by the Application has been accomplished in accordance with City standards for such work and sound construction practices, and that the Developer is in compliance with all of the provisions of this Agreement.

Section 5. Due Execution. The person(s) executing this Second Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Second Amendment on behalf of said party, (iii) by so executing this Second Amendment, such party is formally bound to the provisions of this Second Amendment, and (iv) the entering into this Second Amendment does not violate any provision of any other agreement to which said party is bound.

Section 6. Full Force and Effect. The parties further agree that, except as specifically provided in this Second Amendment, the terms of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date of execution by the Authority.

“AUTHORITY”

CARSON HOUSING AUTHORITY

By: _____
Albert Robles, Chairman

Attest:

Joy Simarago, Authority Secretary

Approved as to form:
ALESHIRE & WYNDER, LLP

Sunny K. Soltani, Authority Counsel

“DEVELOPER”

AFFIRMED HOUSING GROUP, INC.
a Delaware corporation

By: _____
James Silverwood, President

EXHIBIT "A"

GRANT AGREEMENT

THIS GRANT AGREEMENT ("Grant Agreement") is made and entered as of _____, 2016, by and between the CARSON HOUSING AUTHORITY, a public body, corporate and politic ("Authority"), and NEXUS FOR AFFORDABLE HOUSING, INC., a California non-profit corporation ("Recipient").

A. WHEREAS, the Authority and Affirmed Housing Group, Inc., a Delaware corporation (the "Developer"), entered into that certain Disposition and Development Agreement dated as of June 16, 2015, as amended by that certain First Amendment to Disposition and Development Agreement dated February 16, 2016 (collectively the "DDA"), pursuant to which the Authority has agreed to provide certain financial assistance in connection with the development of a 65 unit senior low income housing project located in the City of Carson as more fully described in the DDA (the "Project");

B. WHEREAS, the Authority assistance to the Project shall partly be in the form of a Two Million Seven Hundred Thousand Dollar (\$2,700,000) grant to Recipient (the "Grant Funds");

C. WHEREAS, as a condition to receiving the Grant, the Recipient has agreed to loan the Grant Funds to the Developer, or its assignee (the "Developer Loan"), for use in connection with the development and construction of the Project pursuant to the terms of the DDA; and

D. WHEREAS, the Authority and the Recipient desire to set forth the terms and conditions upon which the Grant Funds disbursement and the Developer Loan shall be made.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the DDA.

2. Authority Grant. The Authority hereby agrees to make grant of the Grant Funds to the Recipient in an amount not to exceed Two Million Seven Hundred Thousand Dollars (\$2,700,000) in accordance with the terms and conditions of the DDA.

3. Developer Loan. The Recipient shall use the proceeds of the Grant Funds to make the Developer Loan to the Developer. The Recipient agrees that the Authority may disburse the Grant Funds directly to the Developer and/or Developer's lenders on behalf of the Recipient and any amounts so advanced shall be deemed to be an advance of the Developer Loan. The Developer Loan shall have a term of not more than 57 years with an interest rate not to exceed 3% with payments due solely from Project residual receipts or the proceeds from a sale of the Project after the end of the Tax Credit Compliance Period under Section 42 of the Internal Revenue Code. The documents evidencing the Developer Loan (the "Developer Loan

Documents") shall be subject to the review and approval of the Authority in the reasonable discretion of the Authority. Notwithstanding anything to the contrary contained herein, the Developer Loan Documents shall provide that any default under the DDA or Regulatory Agreement shall be a default under the Developer Loan. The Developer Loan Documents shall at all times remain subordinate to the DDA, the Deed of Trust, Notice of Affordability Restrictions, and the Regulatory Agreement.

4. Repayment of Grant Funds. If an event of default occurs under the DDA, the Authority shall have the right, but not the obligation, to send the Recipient notice of said default and may require the Recipient to enforce any and all of its rights under the Developer Loan Documents. The Recipient shall pay to the Authority any and all amounts realized by the exercise of any right or remedy under the Developer Loan Documents in accordance with this Section 4.

5. Amendments. This Grant Agreement may not be modified or amended except an instrument in writing expressing such intention executed by the parties hereto.

6. Governing Law. This Grant Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

7. Counterparts. This Grant Agreement may be executed in one or more counterpart, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement by duly authorized representatives on the date first written hereinabove.

[Signatures on Following Page]

"RECIPIENT":

NEXUS FOR AFFORDABLE HOUSING,
INC., a California non-profit corporation

By: _____

Date: _____
Gina Onweiler, Executive Director

"AUTHORITY":

CARSON HOUSING AUTHORITY

Date: _____

By: _____
Albert Robles, Chair

ATTEST:

Joy Simarago, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Sunny K. Soltani, Authority Counsel