

INTRODUCTION

State law (Government Code Section 54235 et seq.) provides for the offering of state-owned improved surplus residential properties to housing-related private and public entities for a reasonable price which is best suited to economically feasible use of the property as decent safe, and sanitary housing at “affordable rents” and “affordable prices”, as defined below, for persons and families of low or moderate income, on the condition that the purchasing entity shall cause the property to be rehabilitated and developed as limited equity cooperative housing with first right of occupancy to present occupants, except that where the development of such cooperative or cooperatives is not feasible, the purchasing agency shall cause the property to be used for low and moderate income rental or owner-occupied housing, with first right of occupancy to the present tenants.

Twelve (12) such properties described in Attachment A (the Properties) are being offered for sale by the Department of Transportation (Department) pursuant to Government Code Section 54235 et seq. within the Cities of Pasadena and South Pasadena. This Request for Proposal solicits proposals for the purchase of these properties by qualified housing entities who have the capacity to own and operate an affordable housing program.

GENERAL REQUIREMENTS

A. PRIORITIES

Priority will be given to applicants whose proposal:

- 1) Offers the highest price to the Department;
- 2) Will serve the largest number of low and moderate income households at an affordable price or affordable rent;
- 3) Demonstrates innovative use of public or private funds and is feasible in today’s market; and
- 4) Serves an underserved segment of the community, as defined in the Local Jurisdiction of the Cities of Pasadena and South Pasadena Housing Element, as applicable.

B. HOUSING-RELATED PRIVATE AND PUBLIC ENTITIES

Applicant must be a housing-related private or public entity which can demonstrate the authority and capacity to own and operate housing for persons and families of low and moderate income. Applicant must be in business, in good faith, to provide such housing to the general public.

Proposals submitted for the purpose of acquiring housing for relatives or friends or for other personal reasons are not acceptable. Entities are described as follows:

1. The entity is a local, regional, or national non-profit organization, a public agency, or a profit motivated organization.
2. The entity is capable of purchasing residential properties for the purpose of maintaining long-term affordable housing and occupancy by households of low to moderate income.
3. The entity is financially capable of managing the housing and related facilities for the remaining useful life, either by itself or through a management agent.

C. USE OF THE PROPERTIES FOR AFFORDABLE HOUSING

The purchasing entity must either rent at affordable rents or sell at affordable prices the properties to households of low to moderate incomes pursuant to Government 54235, et seq. The income limits of households are published annually by the Department of Housing and Community Development (HCD).

D. DEFINITIONS

The term “reasonable price” means a price which allows economically feasible use of the property as decent, safe and sanitary housing at affordable rents and affordable prices for persons and families of low or moderate income.

The term “affordable price” means, in the case of a purchaser, other than a lower income household, the price for residential property for which the purchaser’s monthly payments will not exceed that portion of the purchasing household’s adjusted income as determined in accordance with the regulations of the United States Department of Housing and Urban Development, issued pursuant to Section 235 of the National Housing Act; and, in the case of a purchaser that is a lower income household, the price for residential property for which the purchaser’s monthly payments will not exceed that portion of the purchasing household’s adjusted income as determined in accordance with the regulations of the United States Department of Housing and Urban Development issued pursuant to Section 8 of the United States Housing Act of 1937.

**REQUEST FOR PROPOSAL DEPARTMENT OF
TRANSPORTATION DISPOSAL OF EXCESS PROPERTIES**

RW 16-14 (9/94)

The term "affordable rent" means, in the case of an occupant person or family, other than a person or family of low or moderate income, rent for residential property which is not more than 25 percent of the occupant household's gross monthly income; and in the case of an occupant person or family of low or moderate income, rent for residential property which is not more than the percentage of the adjusted income of the occupant person or family as permitted under regulations issued pursuant to Section 8 of the United States Housing Act of 1937, but not in excess of the market value for comparable property.

E. INCOME LIMITS for Households

Household income of new tenants shall not exceed the moderate-income limits as published by the Department of Housing and Community Development for any given year and may change each year. The following are income limits for 2003:

Household Size	Income Limit	Household Size	Income Limit
1	\$46,250	5	\$71,400
2	\$52,900	6	\$76,700
3	\$59,500	7	\$81,950
4	\$66,100	8	\$87,250

The income limits for families larger than eight (8) persons are determined as follows: for each person in excess of eight (8), add eight percent of the four person limit, and round the answer to the nearest \$50.00.

(Applicant is advised to obtain income limits from proposed financing sources before determining income limits, which vary from program to program.)

F. First right of occupancy must be provided to present occupants at an affordable rent and affordable prices.

G. The purchasing entity shall cause the property to be rehabilitated in accordance with the provisions of Government Code Section 54237(d).

H. DESCRIPTION OF PROPERTIES

For a detailed description of improvements see Attachment A.

I. CONTENTS OF PURCHASE PROPOSAL

Applicants shall submit a proposal consisting of the following:

- Name, address, and telephone number of applicant;
 - Background of applicant, including experience in other low and moderate income housing projects.
 - Completed PROPOSAL FORM (Attachment B) for each property including proposed purchase price, estimated cost of rehabilitation, (if needed), income of target household for each unit, source of financing for acquisition, rehabilitation and subsidies, if available, including interest rates and terms, etc.
In determining a proposed purchase price, applicant will demonstrate that said price is necessary to provide affordable housing that is economically feasible, decent, safe, and sanitary. In no event, however, will the approved proposal be less than the Department's original acquisition price.
 - Offers may be submitted on all or some of the properties.
 - Evidence, such as copy of articles of incorporation and by-laws or comparable documents, that applicant is a housing-related entity as described in Paragraph B.
 - Description of low and moderate income housing projects previously completed by applicant, including information as to funding utilized in such projects.
 - Long-term management and maintenance plans.
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REQUEST FOR PROPOSAL DEPARTMENT OF
TRANSPORTATION DISPOSAL OF EXCESS PROPERTIES

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J. PROCEDURES

1. All proposals must be received at the Department on or before **5:00 p.m. March 31, 2004**. Contact Margie Smith at (213) 897-2595 if you have questions.

<p>Mailing: Department of Transportation Attn: Margie Smith R/W Property Services 120 South Spring Street Los Angeles, CA 90012</p>	<p>Personal Delivery: Department of Transportation Attn: Margie Smith R/W Property Services 801 South Grand Avenue, 17th Floor Los Angeles, CA 90017</p>
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2. Description of Improvements and minimum bids required (**Attachment A**).
3. Applicant must complete and submit, by the above deadline, an individual Proposal Form for each property the applicant wishes to bid on. Proposal Form (**Attachment B**).
4. Proposals will be reviewed for acceptance by a committee consisting of employees of the Department of Transportation and HCD.
5. The successful/chosen applicant will be required to execute a written *Agreement for the purchase of real property* (Sale to Housing Entity) – (**Attachment C**).
6. The proposed sale is subject to approval by the California Transportation Commission (CTC).
7. If the sale is approved by the CTC, the successful applicant shall proceed to finalize the purchase of the property or properties.
8. Within 30 days of the CTC approval, the successful applicant will be required to enter into a written Regulatory Agreement for each property (**Attachment D**).
7. Properties, which have been identified as historic, will require recordation of covenants for the proper protection of specified culturally defined features (Example – **Attachment E**).

K. *Agreement for the purchase of real property* (Sale to Housing Entity).

The successful applicant will be required to enter into a written *Agreement for the purchase of real property* (Purchase Agreement) which shall consist of:

1. Approved purchase proposal;
2. Final acquisition terms as to all properties;
3. Terms of the performance and commencement date;
4. Terms, conditions and restrictions which will assure that such housing will remain available to persons and families of low or moderate income; and
5. Compliance with all applicable local, State and Federal laws.

L. DEPOSIT

The successful applicant must present, within 10 working days after selection, either CASHIER'S CHECK or a MONEY ORDER made payable to the State Department of Transportation in the amount of the required deposit of ten percent (10%) of the bid amount for each property.

N. FORFEITURE OF DEPOSIT

The deposit shall be NONREFUNDABLE in the event that the successful applicant fails to comply with any and all the terms of the Purchase Agreement as herein provided.

**REQUEST FOR PROPOSAL DEPARTMENT OF
TRANSPORTATION DISPOSAL OF EXCESS PROPERTIES**RW 16-14 (9/94)

O. TERMS

The purchase shall be a cash transaction. All payments must be made in CASH, CASHIER'S CHECK, or MONEY ORDER made payable to the California Department of Transportation. Any financing to be obtained by the applicant shall be subject to the approval of the Department. The financing shall be consistent in amount and terms with the affordability requirements of Government Code Sections 54235 et seq., and the Department's regulatory agreement shall have priority over any deed of trust or mortgage securing such financing.

The successful applicant shall within 30 days after approval by the CTC open an escrow at their expense with a mutually acceptable escrow company and within 90 days of said approval, deposit the balance of the purchase price together with the fire/hazard insurance policy for 100% of the replacement value. The successful applicant's deposit will be retained by State and placed in escrow prior to escrow closing. The successful applicant may take possession when the Director's Deed and Regulatory Agreement are recorded.

P. LIMITING CONDITIONS

- (1) Any sale is subject to the approval of the CTC . If the sale is not approved, the deposit money will be refunded without interest.
 - (2) The State reserves the right to reject any and all proposals and to cancel the sale in part or in its entirety any time prior to the approval of the sale by the CTC. In the event of cancellation of sale and/or rejection of any proposals, the respective deposits of money shall be refunded without interest.
 - (3) If the sale is approved by the CTC and the successful applicant elects to exercise the Purchase Agreement, and Regulatory Agreement the deposit will be credited toward the purchase price.
 - (4) The right, title, and interest in the property to be sold shall not exceed that vested in the State of California, and this sale is subject to all title exceptions and reservations whether or not of record. The successful purchaser may obtain a policy of title insurance at his own expense.
 - (5) The successful purchaser shall pay all recording fees, documentary stamp taxes, or other real estate transaction taxes or fees by whatever name known, including escrow fees or broker's commission, if any, and personal property sales taxes where applicable.
 - (6) Should the successful purchaser desire a survey of the property, this may be accomplished by an independent survey at the purchaser's expense. No warranty is made by the Department of Transportation relative to the ground locations of property lines other than monumented highway right of way lines.
 - (7) The successful purchaser shall be responsible for checking and complying with local building codes and ordinances. All properties are sold in an "as is" condition. See local Planning Department for permitted land uses.
 - (8) All costs incurred by the applicant, including legal fees, are the sole responsibility of the applicant.
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DESCRIPTION OF IMPROVEMENTS

Director's Deed No. 068777-01-01: **Occupied – (Please do not disturb tenants)**

163 State Street, Pasadena Minimum Bid: \$170,000	1-Story Frame & Stucco SFR, Built 1932; contains one (1) bedroom, one (1) bath, living room, kitchen and den. Residence approx. 812 SF; Land: 3,850 SF 1-car attached garage Year of Acquisition: 12/5/74
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Director's Deed No. 048170-01-01 (HISTORICAL):

180 State Street, Pasadena Minimum Bid: \$375,000	Two-story Frame & Stucco SFR, Built 1928; contains four (4) bedrooms, three (3) baths, living room, dining room, fireplace. Residence approx. 2,461 SF; Land: 6,511 SF 2-car attached garage Year of Acquisition: 11/1/68
<p>FEATURES TO BE PROTECTED BY CC&R's</p> <p><u>INTERIOR</u>: rough texture original plaster walls and ceilings; rough-hewn ceiling beams/fireplace surround/mantel; brick hearth; arch-headed doors; hardwood floors; decorative heating grills; strip baseboards; leaded glass casement windows and fixed windows; built-in bookcase at fireplace; panel doors with high-mounted hardware, tile wainscot and floor in downstairs bath, pedestal sink; brass hood, wood mantel, brick hearth at Dining Room fireplace; built-in cabinets in butler's pantry; stairs with wrought iron railing; sliding panel closet doors at master bedroom; window seats.</p> <p><u>EXTERIOR</u>: front door with all hardware and leaded glass window; half-timbering and irregular brick coursing infill, window brackets on front bay; irregular texture stucco exterior cladding; trim molding at eaves; boxed eaves; stone veneer at entry; "dovecote" detail at garage gable end; random shingle cladding at west gable end; exterior fireplace and chimney with irregular coursing; window surrounds; false "treenail" pegging.</p>	

Director's Deed No. 048163-01-01 (HISTORICAL):

181 Columbia Street, Pasadena Minimum Bid: \$292,500	1-Story Frame & Stucco SFR, Built 1939; contains three (3) bedrooms, one and three quarter (1-3/4) baths, living room and dining room. Residence, approximately 1,556 SF; Land: 8,306 SF; 2-car attached garage Year of Acquisition: 08/23/72
<p>FEATURES TO BE PROTECTED BY CC&R's</p> <p><u>INTERIOR</u>: Decorative Ceiling in living room, baseboards, chair rail in living room, door surround moldings, panel doors, hardwood floors, crown moldings throughout, kitchen cabinets and pulls/countertops/backsplash, casement windows, built in ironing board, bathroom tile floors and original sinks/tubs/water closets, fireplace surround and mantel brick hearth.</p> <p><u>EXTERIOR</u>: Drop rustic wainscot and stucco walls, metal front door hood/porch light.</p>	

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Director's Deed No. 068599-01-01:

<p>217 Fremont Street, South Pasadena</p> <p>Minimum Bid: \$262,500</p>	<p>1-Story Frame & Stucco SFR, Built 1922. Contains three (3) bedrooms, three (3) baths, living room, dining room, kitchen with breakfast nook, utility room and basement. Residence approx.. 2,081 SF; Land: 13,310 SF 2-car detached garage with attached workshop Year of Acquisition: 03/15/74</p>
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Director's Deed No. 068600-01-01:

<p>225 Fremont Avenue, South Pasadena</p> <p>Minimum Bid: \$250,000</p>	<p>1-Story Frame, Stucco, & Siding SFR, Built 1950 with an add-on in 1964. Contains two (2) bedrooms, two (2) baths, large family room, kitchen, living and dining room combination. The 1964 additions: family room, one (1) bedroom and enlarged kitchen. Residence, approximately 1,956 SF; Land: 9,845 SF 2-car attached garage, Year of Acquisition: 01/29/74</p>
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Director's Deed No. 045857-01-01:

<p>302 Fairview Avenue, South Pasadena</p> <p>Minimum Bid: \$200,000</p>	<p>1-Story Frame & Stucco SFR, Built 1906. Contains two (2) bedrooms, two (2) baths, kitchen and living room. Residence including basement, approximately 1,360 SF; Land: 6,277 SF; 2-car detached garage. Year of Acquisition: 03/06/67</p>
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Director's Deed No. 048168-01-01: (HISTORICAL) **Occupied - (Please do not disturb tenants)**

<p>1200 South Pasadena Avenue, Pasadena</p> <p>Minimum Bid: \$360,000</p>	<p>1-Story Wood Siding SFR, Built 1915; Contains three (3) bedrooms, two and one-half (2 ½) baths, kitchen & nook, dining room, living room, family room and fireplace. Residence approximately 2,762 SF. Land: 10,541 SF 1-car detached garage. Year of Acquisition: 10/11/68</p>
<p>FEATURES TO BE PROTECTED BY CC&R's</p> <p>INTERIOR: wood double-hung windows throughout, with decorative surrounds and bulls-eye moldings; decorative door surrounds with bulls-eye moldings; picture rails; baseboards; fireplace surround and mantel, brick fireplace face; 4-panel doors with decorative hinges; pantry and cabinets.</p> <p>EXTERIOR: V-rustic siding with corner boards; window surrounds with decorative moldings and brackets under sills; boxed eaves and brackets; turned porch posts and engaged half-columns, including base and capital moldings; existing shutter hardware; water table molding; vertical board foundation trim; pedimented window moldings; diagonal board paneling above bay windows; bay windows; flat-topped (truncated) hip & gable roof; eave returns at gable ends; decorative eave moldings; front porch ceiling of beaded tongue-and-groove.</p>	

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Director's Deed No. 062423-01-01: Occupied - (Please do not disturb tenants)

<p>1010-1010 ½ Hope Street, South Pasadena</p> <p>Minimum Bid: \$123,000</p>	<p>(2 on a lot) <u>1010 Hope Street</u> – two-story, three (3) bedroom, one (1) bath; 1,282 SF, Built 1906, 2-car detached garage</p> <p><u>1010 ½ Hope Street</u>- two-story, one (1) bedroom, 1 bath; 696 SF, Built 1900 Land: 8,500 SF Year of Acquisition: 9/23/70</p>
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Director's Deed No. 068494-01-01:

<p>1037-1039 Grevelia Street, South Pasadena</p> <p>Minimum Bid: \$117,500</p>	<p>(2 on a lot) <u>1037 Grevelia Street</u> – two (2) bedrooms, one (1) bath, 944 SF, Built 1915, 1-car detached garage, Built 1925</p> <p><u>1039 Grevelia Street</u> – two (2) bedrooms, one (1) bath, 744 SF, Built 1926, 1-car detached garage; Land : 6,191 SF Year of Acquisition: 12/3/74</p>
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Director's Deed No. 068453-01-01: Occupied – (Please do not disturb tenants)

<p>705-711 Fairview Avenue, South Pasadena</p> <p>1041-1043 Magnolia, South Pasadena</p> <p>Minimum Bid: \$250,000</p>	<p>(4 Units) Built 1953; Land: 10,378 SF <u>705 Fairview Avenue</u>, one (1) bedroom, one (1) bath, 550 SF <u>707 & 709 Fairview Avenue</u>, Studio, 450 SF/each <u>711 Fairview</u>, one (1) bedroom, one (1) bath, 725 SF</p> <p>(Duplex) <u>1041 Magnolia Street</u>, one (1) bedroom, one (1) bath, 530 SF <u>1043 Magnolia Street</u>, one (1) bedroom, one (1) bath, 569 SF Year of Acquisition: 10/11/74</p>
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Director's Deed No. 068463-01-01: Occupied – (Please do not disturb tenants)

<p>626 Prospect Avenue, South Pasadena</p> <p>Minimum Bid: \$600,000</p>	<p>(12 Units) Built 1953; Land: 16,000 SF Two-story frame & stucco 10-unit apartment building Two-story frame & stucco 2-unit apartment building 8 units-575 SF, one (1) bedroom, one (1) bath 4 units-760 SF, two (2) bedrooms, one (1) bath 7-car detached garage; 5-car detached garage Year of Acquisition: 10/14/75</p>
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Director's Deed No. 068439-01-01: (HISTORICAL) Occupied – (Please do not disturb tenants)

<p>726 Meridian Avenue/1002 Hope Street, South Pasadena</p>	<p>(1 Duplex and 1 SFR) Land: 6,250 SF</p> <p>(Duplex) - 1-story frame & stucco, Built 1921 <u>726 Meridian Avenue</u>- 826 SF , one(1) bedroom, one (1) bath <u>1002 Hope Street</u> – 820 SF, one (1) bedroom, one (1) bath</p>
<p>1008 Hope Street, South Pasadena</p>	<p>(SFR) 1-story wood siding, Built 1922 <u>1008 Hope Street</u> – 1,285 SF, two (2) bedrooms, one (1) bath 2-car detached garage Year of Acquisition: 9/5/74</p>
<p>Minimum Bid: \$165,000</p>	
<p>FEATURES TO BE PROTECTED BY CC&R's</p>	
<p>726 Meridian Avenue, South Pasadena</p> <p><u>INTERIOR:</u> rough plasterwork; ceiling molding; wooden floors; multi-pane casement windows and surrounding trim; picture rails; baseboards; French entry door, surrounds and hardware; built-in living room cabinet (excluding hardware); flat ceilings; glass knobs; hall, bath and bedroom light fixtures; built-in bath cabinetry; built-in kitchen cabinets.</p> <p><u>EXTERIOR:</u> rough plasterwork; exterior window moldings; flat roof; tiled and bracketed door hood.</p>	
<p>1002 Hope Street, South Pasadena</p> <p><u>INTERIOR:</u> rough plasterwork; ceiling molding; multi-pane casement windows and surrounding trim; picture rails; baseboards; French entry door, surrounds and hardware; flat ceilings; double French doors between living room and storage area; glass door knobs; living room, kitchen, bath and bedroom light fixtures; built-in bath cabinetry (excluding double doors); built-in kitchen cabinets on east wall.</p> <p><u>EXTERIOR:</u> rough plasterwork; exterior window moldings; flat roof; tiled and bracketed door hood.</p>	
<p>1008 Hope Street, South Pasadena</p> <p><u>INTERIOR:</u> 15 light French entry door with vintage handle; rough textured plasterwork; picture rail; flat board door and floor moldings throughout; five panel doors throughout; five-drawer built-in unit bookended by glass door cabinets in the living room; sink and tub in bath; built-in cabinet over bath sink; built-in bench in kitchen nook; upper cabinets over kitchen sink; kitchen chair rail; kitchen door with glass pane in upper register and 3 horizontal panels in lower register and vintage hardware.</p> <p><u>EXTERIOR:</u> 1920's single story bungalow; horizontal drop lap wood siding, open eaves exposed rafter tails; poured concrete foundation with board imprints; flat board window surrounds with overhanging ears and shallow sills; (aluminum frame sliding windows not original); covered wooden porch supported by two pairs of 4" posts connected by a wide wooden sill; scored concrete entry stairway and porch landing; floor vents with flat board surrounds; vertical slat air vents at front and rear gable apex; (shed-roofed rear addition is non-conforming construction); attached garage with wooden horizontal drop lap siding; open eaves and exposed rafter tails; vertical slat air vents at side gable apex;(paired metal roll-up garage doors are non-contributing).</p>	

ATTACHMENT B
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PROPOSAL FORM

DISTRICT 07	COUNTY LA	ROUTE 710	Director's Deed No.
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From: _____
(Name of Applicant)

Property located at: _____ (Address)

I. Anticipated Gross Monthly Rental Income \$ _____

(Applicant should take into account that affordable rent of future tenants may be higher or lower than present occupants.)

II. Less Monthly Costs to be Paid by
Buyer/Housing Entity and/or Tenant =

- A. Utilities \$ _____
- B. Fire/Hazard Insurance (Policy to cover 100% replacement value.) \$ _____
- C. Real Estate Taxes (if any) \$ _____
- D. Management \$ _____
- E. Normal Maintenance \$ _____
- F. Reserves for Replacements \$ _____
- G. Other (specify) _____ \$ _____

Total Operating Costs (II) \$ _____

III. Net Income/Available to Service Debt (I minus II) \$ _____

IV. Estimated Cost of Rehabilitation Work (if any): \$ _____
Specify nature of work (attach separate sheets if necessary with property address):

V. If Separately Financed, Term and Interest Rate of Rehabilitation Loan:

VI. Monthly Payment to Amortize Rehabilitation Loan (if any) \$ _____

VII. Amount Available Now to Amortize Purchase Money Loan (III minus VI) \$ _____

VIII. Best Available Mortgage/Trust Deed Terms:

- A. _____ % down payment
- B. _____ years
- C. _____ % interest rate

IX. Affordable Mortgage/Trust Deed Calculated on Basis of VII and VIII \$ _____

X. Down Payment \$ _____

XI. The Department's Minimum Bid: \$ _____

XII. Proposed Purchase Price \$ _____

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The Department of Transportation will take into consideration that there may be surplus income available upon payoff of rehabilitation loan. Applicant should also take this into consideration in the proposal.

Indicate the basis for each estimated amount (Except III and VII)

For reserves for replacement, indicate:

1. Items requiring reserves
2. Estimated life of each
3. Monthly reserve amount for each

Indicate source and details of any loan to be made in connection with this purchase.

NAME of person completing this form and provide telephone number below:

Print Name

(____) _____
Telephone Number

Signature
Housing Entity Authorized Representative

Date

STATE OF CALIFORNIA · DEPARTMENT OF TRANSPORTATION
AGREEMENT FOR THE PURCHASE OF REAL PROPERTY
(SALE TO HOUSING ENTITY)
RW 16-15 (9/94) and (3-96)

Dist. -Co. Rte. 07-LA-710
Director's Deed No.: _____
Seller: State of California, Department of Transportation
Buyer: _____
Date: _____

This Agreement is entered into between the State of California (Department of Transportation; hereinafter called "SELLER") and the undersigned purchaser (hereinafter called "BUYER") for the purchase of certain real property.

It Is Hereby Agreed As Follows:

1. SELLER agrees to sell to BUYER and BUYER agrees to purchase from SELLER upon the terms and for the consideration set forth in this Agreement, all that certain real property situated in the City of _____, County of _____, State of California and legally described as follows:

also known as: _____

(Street Address)

It is understood and agreed that the real property conveyed shall include all building fixtures, equipment and appliances which are part of the above-described real property.

2. Consideration:
BUYER will, within 10 working days after execution of this Agreement, present either cashier's check or money order made payable to the State of California, Department of Transportation, an option deposit of: \$ _____
Balance of funds to be deposited by BUYER \$ _____
Estimated Proceeds of Loan to be obtained by BUYER: \$ _____
Sales Price (i.e., "reasonable price"): \$ _____

Prior to the close of escrow, BUYER will deposit into escrow, or cause to be deposited into escrow, all funds and/or documents, required from BUYER to enable escrow to close. Seller agrees to deposit with the Escrow Agent a Director's Deed conveying the real property to BUYER, together with such other instruments as are necessary.

3. Title to the property shall be vested: _____
4. Conveyance by SELLER shall be all of its right, title and interest in the property to be sold, subject to all exceptions and reservations whether or not of record and an agreement acceptable to SELLER which shall contain such terms, conditions and restrictions as will assure that the real property will remain available to persons and families of low or moderate income. BUYER may obtain a policy of title insurance at BUYER'S expense.
5. BUYER will procure, at BUYER'S expense, new fire insurance coverage in an amount and type satisfactory to SELLER. Proof of coverage will be deposited with SELLER.
6. Escrow Fees, Charges, and Costs:
 - (a) BUYER shall pay all recording fees, documentary stamp taxes, or other real estate transaction taxes or fees by whatever name known, including escrow fees or brokers commission, if any, and personal property sales taxes where applicable.
 - (b) It is expressly understood and agreed that the net proceeds received by SELLER from this sale may not be less than \$ _____ which is the original acquisition price paid by SELLER.

**AGREEMENT FOR THE PURCHASE OF REAL PROPERTY
(SALE TO HOUSING ENTITY) (Cont.)
RW 16-15 (9/94) and (3-96)**

7. BUYER acknowledges that the subject property has been removed from the Assessed Property rolls in the County of _____ BUYER further acknowledges full responsibility for the payment of all property taxes and assessments accruing after the close of escrow.
8. This Agreement, on behalf of the SELLER, is subject to approval by the California Transportation Commission.
9. SELLER makes no warranty as to condition of the real property and BUYER will fund repairs required by lenders and if a government housing assistance program is used, repairs required by such program.
10. BUYER'S option deposit shall be NONREFUNDABLE in the event that BUYER unilaterally fails to comply with any and all terms of this Agreement and BUYER shall be responsible for all appropriate cancellation fees and charges for services rendered to that point.
Should BUYER and SELLER mutually agree to cancel this escrow, such fees and charges will be paid by BUYER in accordance with paragraph 6 of this Agreement.
11. The terms, conditions, covenants and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereto.
12. BUYER agrees to utilize the real property conveyed as housing for persons or families of low and moderate income in accordance with the provisions of Government Code Sections 54235, et seq.
13. BUYER shall hold SELLER harmless from any and all claims for rights and/or benefits under Government Code Sections 7260, et seq. and 54235, et seq. from the present occupants of the real property conveyed in any way resulting from or caused by use and management of the real property by the BUYER.
14. BUYER agrees to provide SELLER on or before the first day of February after escrow closes and each January 31st thereafter with a report detailing BUYER'S use of and rental rates charged for the real property conveyed for the time period since the preceding report.
15. SELLER agrees to subordinate SELLER'S deed of trust to any purchase money deed of trust incurred by BUYER in this transaction.
16. This Agreement contains the entire agreement between the parties and neither party relies upon any warranty or representation not contained in these documents.
17. BUYER agrees that transfer of title to BUYER shall be by Director's Deed and that BUYER may not take possession of acquired property until after the Director's Deed is recorded.
18. The term of this Agreement shall be _____ months and shall remain in force thereafter until terminated by the SELLER. If BUYER is unable to proceed or if BUYER fails to significantly meet its program objectives for reasons within its control, SELLER shall notify BUYER in writing of the particulars of its failure(s). If, within sixty (60) days after such notice is delivered, BUYER has not corrected its failures, SELLER may terminate this Agreement.
19. Mailing address of BUYER: _____

20. Mailing address of SELLER: Department of Transportation
Property Services
120 S. Spring Street
Los Angeles, CA 90012
Attn: Margie Smith
21. Mailing Address of Escrow Holder:

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

State Agency Exempt from
Recording Fees per Government
Code Section 6103

WHEN RECORDED, RETURN TO:

**California Department of Transportation
Right of Way Property Services
120 South Spring Street
Los Angeles, CA 90012**

REGULATORY AGREEMENT

Parcel No.

(INCLUDING: RESTRICTIONS ON SALE AND ENCUMBERANCES; RIGHT OF STATE TO REPURCHASE PROPERTY AT CONTROLLED PRICE: AND LIEN FOR PAYMENT OF CERTAIN AMOUNTS)

FOR GOOD AND VALUABLE CONSIDERATION, THIS AGREEMENT, dated _____, is made and entered into by and between the State of California Department of Transportation (“State”) and (Housing Entity) (“Buyer”),

WHEREAS:

- A. The California Legislature has declared in Government Code Section 54235 that the displacement of large numbers of persons as a result of the sale of surplus residential property owned by agencies of the state is a significant environmental effect, and has provided in Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.) a procedure for the mitigation of such effect;
- B. Pursuant to Government Code Section 54237, the State invited proposals to purchase surplus residential property under a Request for Proposals dated _____. The Buyer submitted a proposal under that Request for Proposals which the State approved;
- C. Buyer is purchasing from the State said surplus residential property as fully described in Exhibit A attached hereto and hereinafter referred to as “the Property”.
- D. The market value of the Property as of the date of the sale to Buyer was \$_____ and the Buyer was permitted to purchase the Property for the price of \$_____ which has been agreed by the State and the Buyer to be a reasonable price for the purposes set forth in Government Code Section 54237 (d) and which is less than fair market value pursuant to the provisions of Government Code Section 54237 (d).

- E. This agreement is being entered into in order that the State may impose, and the Buyer will comply with, such terms, conditions and restrictions as will assure that the Property will remain available to persons and families of low or moderate income as specified in Government Code Section 54237 (d).

NOW IT IS AGREED AND DECLARED AS FOLLOWS:

ARTICLE 1: COMPLETION OF REHABILITATION WORK

1.1 Commencement and Completion

Buyer shall commence rehabilitation of the residential unit on the Property after the date of recordation hereof and shall complete the rehabilitation of the Property on or before **18 months** from the date hereof.

1.2 Applicable Laws and Standards

All rehabilitation work shall be completed in accordance with all applicable valid laws, regulations and ordinances of all agencies having jurisdiction over the Property.

1.3 Monitoring by State

(a) At least 30 days before entering into any contracts for the performance of rehabilitation work hereunder, the Buyer shall submit to the State for its review and written approval copies of all plans, specifications, estimates, work write-ups, work schedules and other documents describing the work to be done, copies of all contracts for design, rehabilitation or construction work proposed to be entered into by the Buyer with respect to the Property, copies of any and all permits and approvals obtained from any agency having jurisdiction over the Property, and evidence of a completion bond or other financial commitments necessary to complete the rehabilitation work on the Property.

Within 30 days of receipt of such documents, the State shall review the documents and shall provide its written approval, rejection, or a request for additional information and/or changes. The Buyer agrees to comply with all reasonable requests for information and changes requested by the State.

(b) During the period of construction, the Buyer shall submit to the State all proposed changes to the work and all proposed changes to contracts for rehabilitation work in a timely manner to permit the State to review and approve, approve with conditions or reject the proposed changes. The State shall respond to such proposed changes in writing within 15 working days of receipt thereof. The Buyer agrees to comply with all reasonable requests for changes requested by the State.

(c) On completion of the work, or if the work is to be performed in phases on completion of any phase thereof, the Buyer shall notify the State and permit the State to conduct an inspection of the completed work. The State will complete its inspection within 10 working days of receipt of such notification, and may require the Buyer to make such changes or perform such other work as is reasonably necessary for the purposes of this Agreement. The Buyer agrees to make the changes and/or perform the work promptly thereafter.

(d) The State's review of the Buyer's documents, any inspections conducted by the State and any changes or other work required by the State are intended only to allow the State to assure itself that the Buyer is in compliance with this Agreement, and are not intended to benefit the Buyer or any other person.

(e) The State's approval of any of the Buyer's documents or the work shall not be unreasonably withheld nor shall the State impose unreasonable or unreasonably costly conditions or changes. In this context, what is reasonable or unreasonable shall be determined by reference to the intent and goals of Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.). If the State fails to respond to any submittal of documents or information by the Buyer or to conduct any inspection within the time specified herein, the State will be deemed to have approved such documents, information or completed work as the case may be.

ARTICLE 2: USE OF THE PROPERTY

2.1 Permitted Uses

The Property shall be used only as residential property to be rented to persons and families of low or moderate income at affordable rents as such terms are defined in Government Code Section 54236. The Buyer may request the State to approve the sale of one or more residential units on the Property at an affordable sales price to a person or family of low or moderate income for use as the principal residence of such person or family. The State's approval of such a sale shall not be unreasonably withheld, but the State may impose reasonable conditions upon such sale, including requirements for the purchaser to enter into a separate agreement with the State, to ensure that the residential unit remains affordable to and occupied by a person or family of low or moderate income for the remainder of the term of this Regulatory Agreement. In granting or withholding approval for such a sale the State may, without limitation, take into account the effect of the sale on the economic viability of the remainder of the Property and the ability of the Buyer to continue to operate the Property in compliance with this Agreement.

2.2 Prohibited Uses

The Property shall not be used for any purposes or in any manner prohibited by any valid law, ordinance or regulation of any agency having jurisdiction over the Property.

2.3 Compliance with Article 8.5 of Division 2 Title 5 of the Government Code (Sections 54235 et seq.)

The Buyer shall comply with all provisions of Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.) in effect as of _____, with regard to its ownership, operation and management of the Property. In any inconsistency between this Agreement and the said Government Code provisions, the Government Code provisions shall prevail.

2.4 Maintenance and Repair

The Buyer shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. The Buyer shall not without the prior written approval of the State remove, add to or demolish any part of the Property.

2.5 Prohibition on Assignment and Encumbrance of Property

The Buyer shall not without the prior written consent of the State sell, encumber, assign or convey the Property or any part thereof, or incur any liability or obligation secured in whole or part by the Property, whether contingent or otherwise. The State's consent shall not be unreasonably withheld, but may be conditioned on such terms as the State considers necessary to meet the requirements of this Agreement

and Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.) including but not limited to those set forth in clause 2.1 hereof.

ARTICLE 3: FINANCIAL MANAGEMENT

3.1 Rental of Units

(a) Before renting any residential unit in the Property, the Buyer shall determine the income, family size and proposed rent for the proposed tenant. Income and family size information shall be certified by the tenant to be true and correct, and independently verified by the Buyer. The tenant's income as certified by the tenant and verified by the Buyer shall be deemed to be the tenant's income for the purposes of determining affordable rent as defined herein, absent fraudulent misrepresentation or concealment of income by the tenant. The Buyer shall calculate the tenant's affordable rent as defined in Government Code Section 54236.

(b) The Buyer may adjust the rent of each unit no more frequently than annually, by obtaining from the tenant current information as to the tenant's income and family size. Income and family size information shall be certified by the tenant to be true and correct and independently verified by the Buyer. The Buyer may but is not required to increase or decrease the rent in accordance with the tenant's current income and family size, but may not increase the rent in excess of the affordable rent as defined. The Buyer shall give the tenant proper notice of any change in rent.

If a tenant's income has increased so that the tenant is no longer a low or moderate income household as defined, the Buyer shall terminate the tenant's lease by giving tenant 120 days written notice thereof.

(c) If a residential unit is to be occupied by one or more unrelated individuals, no such individual shall be required to pay more than the affordable rent as defined. In addition, the total rent for the unit shall not exceed the Fair Market Rent for such unit as established from time to time by the United States Department of Housing and Urban Development (or any successor agency). If the total of the individual rents would exceed the Fair Market Rent, each individual rent shall be reduced in proportion.

(d) If the Buyer charges any tenant an amount greater than the affordable rent as defined, or an amount exceeding the proportionate rent as set forth in the preceding paragraph (c), either the State or the tenant may recover the amount of the overcharge in any court of competent jurisdiction. For the purposes of this paragraph 3.1, the rent is deemed affordable if the rent was an affordable rent as defined on the date on which the tenant moved into the unit. A subsequent loss of income by the tenant does not result in the rent ceasing to be an affordable rent as defined and the Buyer is not required to ensure that the rent remains affordable as defined for the entire term of the lease.

(e) The Buyer shall not terminate the lease of any tenant without good cause, which may include but is not limited to: failure to pay rent or security deposits; material violation of the lease; violation of any valid applicable law regarding health and safety; refusal to allow reasonable access to the unit for repairs, improvements or inspections; creating or permitting a nuisance; unreasonably interfering with the comfort, safety or enjoyment of any other residents of the Property or of other persons residing in the vicinity of the Property; repeated failure to comply with reasonable rules established by the Buyer for tenants of the Property; and failure to provide complete and accurate information as to tenant family size or income for the purposes of determination of affordable rents as defined. A tenant may assert the Buyer's failure to comply with this provision in any action by the Buyer to evict the tenant.

(f) The Buyer shall enter into a written lease with each tenant which shall not be inconsistent with the terms of this Agreement.

3.2 Operating and Replacement Reserve Account

(a) The Buyer shall establish an Operating and Replacement Reserve Account by depositing the sum of _____ into a cash deposit account or invested in obligations of, or fully guaranteed as to principal by, the United States of America, or invested in any fund or instrument insured by the Federal Deposit Insurance Corporation or similar agency. In addition, the Buyer will deposit into such an account on a monthly basis an amount equal to 2% of rents collected for that month until the account contains an amount equal to 20% of the replacement cost of the IMPROVEMENTS. Thereafter deposits need only be made as and when the balance of the account falls below such amount.

(b) Funds deposited in the account may be used only for major repairs to the Property or replacements of major building systems in the Property. Funds deposited in the account may be used for routine repairs, operations or maintenance only with the State's prior written consent, which shall not be unreasonably withheld, and only if the Buyer establishes to the satisfaction of the State that the Buyer has established a plan of adequate fiscal controls to prevent the future need of the account for these purposes.

3.3 Reports

(a) The Buyer shall provide the State with a report no later than January 31st of each year for the twelve month period to the preceding December 31st.

(b) The report shall set forth an itemized statement of the rents and other revenues and the expenses of the Property, and shall contain a schedule listing the names, family sizes, incomes and rents paid by each tenant of each unit. The report shall identify any expenditures made from the Operating and Replacement Reserve Account separately from general expenses. The report shall contain a report on the physical condition of the Property with a description of any needed repairs or replacements and any deferred maintenance.

(c) In addition to the annual report, the Buyer shall promptly furnish such other reports, including budgets, financial statements, projections and analysis as may be reasonably requested by the State.

3.4 Insurance

The Buyer shall maintain fire insurance for the full replacement value of all structures on the Property, with the State listed as an additional insured. The Buyer shall provide a certificate of currency on request by the State and the policy shall provide that the State will receive 30 days notice of any termination or expiration of the policy.

3.5 Retention of Records, Audits and Inspections

The Buyer shall retain all financial and rental records (including tenant income certifications and verifications) of the Property for a period of at least 5 years. The State shall have the right, through its employees or agents, on reasonable notice and at its own expense to review, audit, and make copies of the Property records and to inspect the Property.

ARTICLE 4: TERM

4.1 Term

This Agreement shall be effective on and from date of recordation, and shall expire 30 years thereafter.

4.2 Binding on Successors

This Agreement is binding on, and the benefits hereof shall accrue to, the respective parties hereto, their legal representatives, executors, administrators, successors and assigns.

4.3 Covenants Running with the Land

This Agreement is intended to be and shall be a covenant running with the land and binding on any successor to Buyer, whether by assignment, conveyance, operation of law or otherwise.

ARTICLE 5: DEFAULT AND ENFORCEMENT

5.1 Notice and Opportunity to Cure

If the Buyer fails to comply with any provision of this Agreement or Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.), the State shall give written notice thereof to the Buyer, specifying the nature of the failure to comply, and requiring the Buyer to correct the failure within such time as the State in its sole discretion shall permit. If the Buyer does not correct the failure to the satisfaction of the State within the time specified by the State, the State may declare in writing a default under this Agreement effective on the date of such declaration of default.

5.2 Grounds of Default

The grounds upon which the State may declare the Buyer to be in default hereunder include but are not limited to:

- (a) Failure by the Buyer to comply with any provision of this Agreement, within the time (where applicable) provided by the Agreement or any notice given by the State pursuant to the Agreement, including a notice of failure to comply pursuant to paragraph 5.1 hereof;
- (b) The Buyer's becoming insolvent or bankrupt, or unable to pay its debts or to comply with the financial obligations of this Agreement;
- (c) The commencement of proceedings for the appointment of a receiver, trustee or liquidator of the Property or of the Buyer's assets or a substantial part thereof; and
- (d) The commencement of proceedings against the Buyer under any law of any jurisdiction related to bankruptcy, reorganization, adjustment of debt, insolvency, dissolution, liquidation or similar matter.

5.3 Rights of State in Event of Default

Upon declaring a default under this Agreement, the State may at its option;

- (a) Collect all rents, profits, income and charges in connection with the operation of the Property, and use the same or the proceeds thereof, in such order as the State may determine, towards satisfaction of the Buyer's obligations under this Agreement and towards payment of the necessary expenses of preserving and operating the development;
- (b) Take possession of the Property, bring any action necessary to enforce the rights of the Buyer arising out of the operation of the Property, and operate the Property in accordance with the terms of this Agreement until the Buyer is again in a position to operate the Property in accordance with the terms of this Agreement;
- (c) Apply to any court, state or federal, for specific performance of this Agreement; for an injunction against any failure of the Buyer to comply with the terms of this Agreement; for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Agreement; or for such other relief as may be appropriate with specific reference to the provisions of Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.; it being agreed by the Buyer that the injury to the State arising from a default under any of the terms of the Agreement would be irreparable and that it would be extremely difficult to ascertain the amount of compensation to the State which would afford adequate relief in light of the purposes and policies of Article 8.5 of Division 2 of Title 5 of the Government Code (Sections 54235 et seq.);
- (d) Make such disbursements with regard to deeds of trust, encumbrances, liens, taxes, assessments and other charges or security interests which are necessary to protect the State's interests; perform the Buyer's obligations pursuant to any law, agreement or covenant; or, if any action or proceeding is commenced which materially affects the State's interest in the Property, upon notice to the Buyer, make such appearance, disburse such sums (including reasonable attorneys' fees) and take such actions as are necessary to protect the State's interests.

In making such disbursements, the State shall allow the Buyer reasonable time to satisfy, challenge or cure any liens, encumbrances or other demands, provided that nothing in this Agreement shall require the Buyer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Buyer shall in good faith contest the validity or amount thereof and so long as such delay in payment shall not subject the Property or any part thereof to forfeiture or sale.

Any amounts disbursed by the State pursuant to this paragraph, and the State's costs of accounting for and disbursing such amounts, shall become an indebtedness of the Buyer to the State with interest thereon at the rate of 10% per annum from the date of disbursement by the State to the date of payment by the Buyer. This Agreement constitutes a lien on the Property securing that indebtedness and interest thereon.

- (e) Nothing in this paragraph shall be construed so as to require the State to incur any expense or take any action whatsoever.

5.4 Pre-Emptive Right to Purchase

- (a) The Buyer's interests in the Property, including its interests in the Operating and Replacement Reserve Account and in any security deposits held on account of residential rental units in the Property, are subject to the State's continuing 30-year right to purchase the Property and related accounts as set forth herein. This pre-emptive right shall constitute an irrevocable offer by the Buyer, effective as of the date hereof, to re-sell the Property to the State on the terms and conditions herein stated, contingent only on the issue of a Notice of Intent as provided herein.

- (b) Any notice of default or complaint recorded or filed to enforce or foreclose any lien, deed of trust or mortgage encumbering the Property shall constitute a "Notice of Intent" which shall become effective within 90 days of the date of recordation or filing of such notice of default or complaint.
- (c) If the Buyer violates any material provision hereof, and if such violation is curable has not cured such violation within the period provided for cure, the State may at its election deem that the Buyer has delivered a "Notice of Intent" effective on the date that the State gives the Buyer written notice thereof.
- (d) The State may exercise its pre-emptive right by notice thereof to the Buyer within 90 days of the effective date of Notice of Intent.
- (e) Failure to exercise the pre-emptive right under the circumstances set forth in this clause shall not result in the expiration of the pre-emptive right, nor shall it release the Buyer from any of its obligations under this agreement, nor shall it bar the State from taking any other legal or equitable action to enforce the terms of this agreement.
- (f) If the pre-emptive right is exercised, the purchase price to be paid by the State shall be the sum of:
 - (i) The original purchase price of \$_____ Paid by the Buyer for the Property; and
 - (ii) The actual costs of rehabilitation costs actually incurred by the Buyer, plus the actual costs of any other capital improvements to the Property incurred by the Buyer with the prior written approval of the State.
- (g) The State shall be entitled to deduct from the purchase price the following amounts for the following purposes and in the following priority:
 - (i) The unpaid balance of any obligation secured by a deed of trust, mortgage, lien or encumbrance on the Property senior to the interests of the State under this agreement (and if more than one in order of their legal priority), including any costs, penalties or charges incurred as a result of any default by Buyer or of the State's exercise of its pre-emptive right, such balance to be paid to the beneficiary, mortgagee, lienholder or person entitled thereto in return for the release or reconveyance of their security interest in the Property;
 - (ii) All escrow, title and closing costs;
 - (iii) The unpaid balance of any amount owed by the Buyer to the State and secured by the Property pursuant to this agreement;
 - (iv) An amount necessary to defray the costs of any needed repairs, rehabilitation or replacement of the Property or any improvements thereon, beyond the requirements of normal maintenance;
 - (v) Any sums required to be in the Operating and Replacement Reserve Account and any sums held on account of tenants' security deposits which are not transferred to the State on exercise of the pre-emptive right to purchase;
 - (vi) An administrative fee of 3% of the purchase price to cover the non-legal costs of the State in exercising the pre-emptive right to purchase, plus the reasonable legal costs and expenses (including legal costs of the State's in-house counsel billed at the then applicable hourly rate charged by the California Department of Justice) of enforcing the Regulatory Agreement and the pre-emptive right to purchase; and

(vii) The unpaid balance of any obligation secured by a deed of trust, mortgage, lien or encumbrance on the Property junior to the interests of the State under this agreement (and if more than one in order of their legal priority), including any costs, penalties or charges incurred as a result of any default by Buyer or of the State's exercise of its pre-emptive right, such balance to be paid to the beneficiary, mortgagee, lienholder or person entitled thereto in return for the release or reconveyance of their security interest in the Property.

5.5 Remedies to be Cumulative

The remedies of the State hereunder are cumulative. The exercise of one or more such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the State of any one or more of its other remedies.

ARTICLE 6: MISCELLANEOUS PROVISIONS

6.1 Indemnity

The Buyer agrees to indemnify and hold harmless the State, its officers, employees, agents and contractors, from all claims, liabilities, charges, costs or losses (including reasonable attorneys' fees) arising from the ownership, operation, maintenance and management of the Property. The Buyer also agrees to indemnify and hold harmless the State, its officers, employees, agents and contractors, against all claims, liabilities, charges, costs or losses (including reasonable attorneys' fees) arising out of the rehabilitation of the Property including but not limited to the State's review of the rehabilitation documents, inspections of rehabilitation work and any State-requested changes or other work required by the State. The duty to indemnify and hold harmless shall include the duties to defend as set forth in Section 2778 of the California Civil Code and shall apply regardless of the existence or degree of fault on the part of the State, the Buyer, or officers, employees, agents or contractors of each.

6.2 Non-Discrimination

In its operation of the Property, including but not limited to selection of tenants, the Buyer shall comply with the non-discrimination provisions set forth in Exhibit B hereto.

6.3 Enforcement Costs; Legal Fees and Costs

The State shall be entitled to its reasonable costs of enforcement of the provisions of this Agreement, including reasonable legal fees and litigation expenses, and the costs of employment of in-house counsel as applicable. The State shall notify the Buyer of the amount of such costs, which shall become an indebtedness of the Buyer to the State with interest thereon at the rate of 10% per annum from the date of the notice to the date of payment by the Buyer. This Agreement constitutes a lien on the Property securing that amount and interest thereon.

6.4 Partial Invalidity

If any provision of this Agreement shall be invalid, illegal or unenforceable, such provision will be treated as severable and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

6.5 Recording

This Agreement shall be acknowledged by each of the parties hereto and recorded in the official records of Los Angeles County.

6.6 Waiver

No waiver by the State of any breach of or default under this Agreement shall be effective unless it is in writing and signed by an authorized representative of the State. Nor shall any such waiver be deemed or interpreted to be a waiver of any other breach or default hereunder.

6.7 Amendments

No alteration, variation or amendment of this Agreement shall be valid unless made in writing, signed by the parties hereto, and properly recorded; and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

6.8 Entirety of Agreement

This Agreement and all attachments, exhibits and references incorporated herein constitute the entire Agreement between the parties with respect to the ownership, rehabilitation and operation of the Property, and any previous agreements or understandings between the parties hereto concerning the Property are hereby terminated.

6.9 Captions

The captions used in this Agreement are included only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of the Agreement.

6.10 Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

6.11 Compensation

The Buyer shall not be entitled to any compensation or reimbursement by the State for performing the obligations set forth herein.

6.12 Notices and Parties' Representatives

Notices under this Agreement may be sent by first class pre-paid postage, facsimile transmission or by personal delivery.

Notices shall be sent to the parties' authorized representatives as follows:

To the State:
Mailing address:

California Department of Transportation
120 South Spring Street
Los Angeles, CA 90012

Personal Delivery address:

California Department of Transportation
801 South Grand Avenue, 17th Floor
Los Angeles, CA

To the Buyer:

(HOUSING ENTITY'S Name)
(Address)
(Telephone)
(Facsimile)

Any party may change its address for service of notices by written notice to the other party.

THIS AGREEMENT IS ENTERED INTO ON THE DATE FIRST ABOVE WRITTEN BY:

THE STATE:

STATE OF CALIFORNIA DEPARTMENT
OF TRANSPORTATION

THE BUYER:

(HOUSING ENTITY):

By: _____
Name:
Title:

By: _____
Name:
Title:

And (if applicable)

(Housing Entity)

By: _____
Name:
Title:

NOTARY ACKNOWLEDGEMENTS

EXHIBIT A

Description of Property

(To be provided.)

EXHIBIT B

NON-DISCRIMINATION

In the performance of its obligation under this Agreement, Buyer will comply with the provisions or any federal State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat.241) all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to that Title: Regulations issued pursuant to Executive Order 32063, and Title VIII of the 1968 Civil Rights Act.