

AGENDA

STANISLAUS COUNTY REDEVELOPMENT AGENCY

1010 10TH STREET, BASEMENT LEVEL, MODESTO

June 24, 2008

9:25 a.m.

- I. CALL TO ORDER**
- II. CONSENT CALENDAR (Those items marked with an *)**
- III. APPROVAL OF MINUTES**
 - *A. Minutes of June 10, 2008.
- IV. CORRESPONDENCE**
 - A. None.
- V. PUBLIC HEARINGS**
 - A. None.
- VI. AGENDA ITEMS**
 - *A. Authorize the Interim Executive Director to Execute a Gap Financing Loan in the Amount of up to \$200,000 of Housing Set-Aside Funds for a 150-Unit Affordable Housing Project (Archway Commons)
- VII. PUBLIC FORUM**
- VIII. ADJOURNMENT**

MINUTES

STANISLAUS COUNTY REDEVELOPMENT AGENCY

June 10, 2008

The Stanislaus County Redevelopment Agency met in the Joint Chambers at 10th Street Place, Basement Level, 1010 10th Street, Modesto, California.

I. CALL TO ORDER

The meeting was called to order at 9:10 a.m.

Members present: William O'Brien, Jim DeMartini, Jeff Grover,
Thomas Mayfield, and Dick Monteith.

Members absent: None

Staff present: Kirk Ford, Interim Executive Director
Nancy Brown, Deputy Director
Charles Vasquez, Public Works

II. CONSENT CALENDAR (*)

Upon motion by Agency members Monteith/O'Brien, the Agency unanimously approved the Consent Calendar.

III. APPROVAL OF MINUTES

*A. Upon motion by Agency members, Monteith/O'Brien, the Agency unanimously approved the minutes of April 22, 2008.

IV. CORRESPONDENCE

A. None

V. PUBLIC HEARINGS

A. None

VI. AGENDA ITEMS

- *A. Authorized the Repayment to Stanislaus County of a \$400,000 loan and Accrued Interest and Authorization of a New \$400,000 Loan.
- *B. Accepted the Stanislaus County Internal Audit Division's Proposal to Conduct 2007/2008 Audit.
- *C. Authorized the Expenditure of \$140,000 of Housing Set-Aside Funds for the Purchase of Two (2) Single-Family Homes in the Airport Neighborhood.

- * D. Authorized the Executive Director to Proceed with Commencing the 2009 Implementation Plan Update and Tax Increment Revenues and Expenses Forecast.
- * E. Adopted the 2008/2009 Fiscal Year Budget of \$ 4.5 Million.
- F. Upon motion by Agency members O'Brien/Monteith the Agency unanimously adopted the Mitigated Negative Declaration pursuant to CEQA Guidelines Section 15074(B), by finding on the basis of the whole record, including the Initial Study and any comments received, that there is no substantial evidence the project will have a significant effect on the environment and that the Mitigated Negative Declaration reflects Stanislaus County's independent judgment and analysis; adopted the Mitigation Monitoring Plan pursuant to CEQA Guidelines Section 15074(d); incorporated the CEQA Mitigated Negative Declaration, Mitigation Measures as part of the construction contract (see attached Mitigation Monitoring Plan); ordered the filing of a Notice of Determination with the Stanislaus County Clerk-Recorder's Office pursuant to Public Resources Code Section 21125 and CEQA Guidelines Section 15075; adopted the plans, specifications, and working details for the Keyes Improvement Project, Phase 2; directed staff to mail notice inviting bids to trade journals as required by law; directed the Clerk of the Board to publish the Invitation to Bidders for the project as required by law and set the deadline for submission of the bid as August 06, 2008, at 2:00 P.M.

VII. PUBLIC FORUM

- A. No persons spoke.

VIII. ADJOURNMENT

The meeting adjourned at 9:18 a.m.



Kirk Ford
Interim Executive Director

SITTING AS THE REDEVELOPMENT AGENCY
THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency

BOARD AGENDA # 9:25 a.m. - *VI-A

Urgent

Routine

AGENDA DATE June 24, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Authorize the Interim Executive Director to Execute a Gap Financing Loan in the Amount of up to \$200,000 of Housing Set-Aside Funds for a 150-Unit Affordable Housing Project (Archway Commons)

STAFF RECOMMENDATIONS:

1. Find that the Archway Commons housing project will be of benefit to the County project area by providing much-needed rental housing to those in targeted income groups;
2. Approve a gap financing loan in the amount of up to \$200,000 of housing set-aside funds with EAH Housing for a 150-unit affordable housing project (Archway Commons); and,
3. Authorize the Interim Executive Director to sign and negotiate on behalf of the Agency.

FISCAL IMPACT:

The loan would be made from the Housing Set-Aside Fund, but would be repaid within the next fiscal year, so there would be no long-term fiscal impact.

BOARD ACTION AS FOLLOWS:

No. 2008-491

On motion of Supervisor Grover, Seconded by Supervisor O'Brien
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, DeMartini and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST:


CHRISTINE FERRARO TALLMAN, Clerk

File No.

Authorize the Interim Executive Director to Execute a Gap Financing Loan in the Amount of up to \$200,000 of Housing Set-Aside Funds for a 150-Unit Affordable Housing Project (Archway Commons)

Page 2

DISCUSSION:

State Redevelopment law set forth under the California Community Redevelopment Law (Health and Safety Code 33000) requires that a minimum 20% of tax increment revenues be allocated for affordable housing activities. When this agency was created, it adopted a 25% allocation for affordable housing activities.

EAH, Inc. has submitted the attached request for a gap financing loan of up to \$200,000 of County redevelopment housing set-aside funds in conjunction with the construction of a 100% affordable 150-unit project located in an unincorporated area between 9th Street and Carver, known as Archway Commons. All of the units will be targeted at households between 30% and 60% of the area median income, and will be income restricted for 55 years.

The construction of affordable housing normally requires multiple layers of funding sources, especially when making that housing affordable to lower income levels. Although located in the County, the property is within the boundaries of a City of Modesto redevelopment area, with the intention of being eventually annexed as part of a larger county island into the City of Modesto. EAH has a draft Owner Participation Agreement with the City of Modesto Redevelopment Agency for \$6.1 million and have applied for \$1 million in City HOME funds. Redevelopment law allows agencies to use funds outside its project area if it finds that the use will be of benefit to the project area. In this case, the Archway Commons housing project will offer much needed affordable housing to targeted income households within the County, including those in our project subareas.

A gap financing loan is necessary because the Modesto RDA funds cannot be accessed until the environmental review is complete, and funds are needed to bridge the gap at this time for predevelopment and acquisition costs. The entire loan will be paid as soon as the Modesto RDA funding is disbursed, anticipated to be by the end of the calendar year. It is recommended that the Loan Agreement contain a clause to require repayment of the loan by the end of the 2008-2009 fiscal year (June 30, 2009), or the Agency must formally consider a time extension to review the status of housing set-aside funds before entering a new fiscal year.

The County RDA has housing set-aside funds available that may be utilized for this purpose, and will not affect other currently budgeted projects. The funds also will be repaid in a relatively short amount of time, so that they can be utilized for other projects as needed. Furthermore, the use of these funds for Archway Commons helps to meet the requirement of California Redevelopment Law as well as California Housing Element Law to increase the supply of affordable housing. The County will receive housing credits towards its regional housing needs as identified in the Housing Element of the General Plan, until such time the project is annexed into the City of Modesto. The financing package as proposed is an effective partnership between the City of Modesto and Stanislaus County to make a sizable affordable housing project a reality.

Authorize the Interim Executive Director to Execute a Gap Financing Loan in the Amount of up to \$200,000 of Housing Set-Aside Funds for a 150-Unit Affordable Housing Project (Archway Commons)

Page 3

POLICY ISSUES:

The recommendation made herein addresses State Redevelopment law which requires that a minimum 20% of tax increment revenues be used to increase and improve the community's supply of affordable housing for persons and families of low and moderate income.

STAFFING IMPACT:

None.

ATTACHMENTS:

1. Gap Financing Request from EAH, Inc.
2. EAH Housing Corporate Highlights
3. Archway Commons Site Plan

June 16, 2008



Stanislaus County Redevelopment Agency
Attn: Nancy Brown
Director, Planning and Community Development
Stanislaus County
1010 10th Street, Suite 3400
Modesto, CA 95354

Dear Nancy Brown and Redevelopment Agency Commissioners,

EAH, celebrating its 40th anniversary as a nonprofit affordable housing developer, requests your assistance during the pre-development phase of our Archway Commons project. We are requesting for a short-term, 0%-interest loan of up to \$200,000, to pay for miscellaneous pre-development costs, to be repaid on or before December 31, 2008. The very short term loan would allow the County to leverage its funding for more than one purpose, and allow EAH to move forward in a cost-effective manner.

EAH has been working diligently with the City of Modesto on this 8.3-acre, 150-unit, 100% affordable, multi-family development. The project is located in an unincorporated county island between Carver Road and North 9th Street. For this project to begin construction, a larger county area will be annexed into the City of Modesto.

We have a draft Owner Participation Agreement (OPA) with the Redevelopment Agency of the City of Modesto (RDA-CM) for \$6.1 million and have applied for \$1 million of City HOME funds. Unfortunately, we cannot access the RDA-CM funds until the environmental review is complete.

As such, EAH is using its own internal sources and a high-interest line-of-credit to fund pre-development activities. To date, over \$300,000 has already been expended for initial deposits, architecture and engineering, environmental review, and other expenses. We anticipate an additional \$100,000 to \$300,000 will be needed prior to closing acquisition, depending on our negotiation with the sellers and the City's speed in processing the disbursement approval.

From the County Redevelopment Agency, we would like to request a 0%-interest loan of up to \$200,000 to bridge this gap. We would like the first \$100,000 to be disbursed upon execution of an agreement, and the second \$100,000 to be disbursed only in the event the initial amount were completely drawn down. We will repay the entire sum drawn as soon as the RDA-CM funding is disbursed, which is anticipated to be no later than December 5, and most likely much sooner because the environmental review is nearly completed. At this time, City staff and we are anticipating early October.

- *Creating community by developing, managing and promoting quality affordable housing since 1968*

2169 East Francisco Blvd.

Suite B

San Rafael, California 94901-5531

415/258-1800 • 415/453-4927

ATTACHMENT 1

Also, concurrently, the City and County are working together on an agreement regarding a Public Facilities Fee deferral by the County that may allow the City to disburse its HOME funds earlier. If successful, the gap loan may be closed as soon as early August, with City HOME funding paying off the sum borrowed.

A contingency clause may be added in the agreement if the RDA-CM funding and HOME funding were both not disbursed by the end of the year. EAH would prefer a repayment extension at a fixed interest rate of 5% or less, but we understand the Agency needs to plan forward and may wish to commit the amount borrowed to other projects. We have the ability to access other resources, albeit at higher interest, to pay off the gap loan, if necessary. We want to assure the Agency that EAH is requesting this gap loan to secure cash flow and reduce interest costs so that we can spend more of our limited dollars on the affordable housing project, and we will not place the Agency in a risk position.

Thank you much for your consideration!

Yours truly,

A handwritten signature in black ink, appearing to read 'Felix AuYeung', is written over a faint circular stamp.

Felix AuYeung
Project Manager
415-295-8854
fauyeung@eahhousing.org

EAH Housing Corporate Highlights

- ◆ Founded in 1968
- ◆ Own and manage properties in 14 counties in California and Hawaii
- ◆ Active presence in 42 municipalities
- ◆ Management portfolio: 75 properties – over 6,700 units
- ◆ Developed: 73 properties - 5900 units including: urban, rural, multi-family, student, senior and special needs
- ◆ 1200 units currently under construction and pre-development
- ◆ Developed properties with aggregate value of over \$850 million
- ◆ Annual cash management over \$60 million
- ◆ Serving 16,000 residents

Over \$300 million currently in Development

Archway Commons – Modesto, CA
Total Cost: \$40 Million/ 150 Units

San Clemente Place – Corte Madera, CA
Total Cost: \$33 Million/ 79 Units

Crescent Park – Richmond, CA
Total Cost: \$68 Million/ 378 Units

Ewa Villages I & II, Ewa, HI
Total Cost \$49 Million/ 192 Units

Drake's Way – Larkspur, CA
Total Cost: \$ 12 Million/ 24 Units

Kahului Town Terrace – Kahului, Maui, HI
Total Cost: \$16 Million/ 72 Units

Kukui Gardens – Honolulu, HI
Total Cost: \$82 Million/ 389 Units

EAH Housing Mission & Core Values

THE MISSION: To create community by developing, managing and promoting quality affordable housing.

EAH CORE VALUES:

OUR PEOPLE

We search for employees who value EAH Housing goals and purposes. These employees are our most valuable resource. EAH is known and respected for our highly competent staff. We know that our ability to provide quality affordable housing depends on the contribution of each and every staff member.

OUR INTEGRITY

Ethical conduct is central to EAH Housing and everything for which EAH stands. Our reputation is built on trust and integrity. It is a valued tradition, which passes from one generation of employees to the next. EAH employees are expected to be open and honest so that they earn the trust and loyalty of others. We seek partners, consultants and contractors whom we know we can trust, and who likewise, value openness and honesty. EAH is a trusted organization. In a highly regulated industry, we are the company that government officials, investors, and lenders can refer to as an example of integrity, thoroughness and quality. Cities know they can count on us to do an outstanding job.

OUR TEAMWORK

Teamwork is critical to meet the challenges we face. We share a common vision, working together to reach the best possible solutions. We show respect and concern for each other, and encourage an atmosphere of friendly openness and mutual support. Each of our properties is a testament to the dedication, creativity and talents of our whole team.

OUR QUALITY

EAH Housing developments are built to last. We build the highest possible quality housing within the means available. We develop housing carefully and choose architectural designs that enhance neighborhoods, and enable our residents to live without stigma or identity related to their income. We develop and manage each property to ensure its financial integrity for permanent affordability. We manage and maintain our properties to a standard that will always be a source of pride to the residents, the neighborhood and ourselves. We screen carefully to find residents who will respect their housing and respect their neighbors. We treat residents with respect and dignity.

OUR COMMITMENT

EAH Housing is not just another company - we are a public benefit corporation which serves a critical need in today's society. Our founding purpose was to build affordable housing as a means to achieve social justice. With this purpose comes commitment to the minimization of our environmental footprint in both existing operations and future developments, and to social responsibility to EAH employees, our residents and our communities.

Experience and Qualifications

"EAH Housing was wonderful to work with. I heard only praise for how professional and knowledgeable they were. Camellia Place is a wonderful example of all that works in affordable housing."

Dublin Mayor Janet Lockhart

Established in 1968, EAH Housing continues to create community by developing, managing and preserving quality affordable housing. Starting from grass-roots origins seeking social justice in response to the death of Dr. Martin Luther King, Jr., EAH now serves thousands of seniors, families, students, disabled, elderly and the formerly homeless. Combining award winning design, innovative on-site services, and a commitment to people, EAH reflects the distinctive personality of each community.

EAH Housing was founded with the belief that attractive affordable housing is the cornerstone to sustainable, livable communities. After almost four decades, EAH has become one of the most respected nonprofit housing development and management organizations in the western United States. Starting from humble origins as a community-based organization, with donations of \$200 and an office consisting of two capable volunteers, EAH has grown to a staff of over 375 people, managing 75 properties, with annual cash management of over \$60 million.



Edgewater Place, Larkspur

The EAH Housing Property Management Division provides complete property management, asset management, and strategic acquisition services. EAH has created a distinctive property management model incorporating extensive on-going training, belief in superior resident service, and a reputation for conscientious site managers.



Mary Murtagh, President and CEO of EAH Housing, with Lynn Jacobs, Director of the California Department of Housing and Community Development, and Dublin Mayor Janet Lockhart.

The EAH Housing Real Estate Development Department has developed 73 properties with aggregate value of over \$850 million. Currently, the department has seven new developments and 1,200 units either under construction or nearing construction start. Department staff are skilled in all aspects of development, including securing financing from a variety of federal, state, and local sources and private and corporate foundations. EAH Housing developments include homes for seniors, large and small families, housing for persons with disabilities, student housing, and affordable home ownership.

Experience and Qualifications

EAH Housing is known by government officials, community leaders, lenders, and most importantly, by over 16,000 residents as a capable and trustworthy organization motivated by an authentic concern for the people it serves. EAH has received multiple national awards for property management, eleven design awards, and numerous commendations from legislators on the federal, state, and local levels.

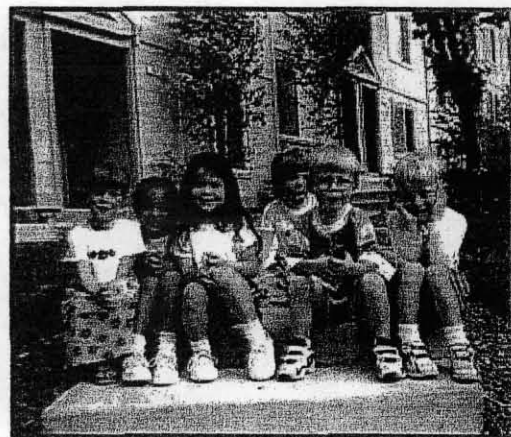
EAH has extensive experience drawing from a variety of financing sources, including Low-Income Housing Tax Credits, California Housing and Community Development Multi-Family Housing Program, tax-exempt bonds, CDBG and HOME funds, Redevelopment housing set-asides, and conventional loans.

Our history of successful project completions and growing list of developing projects demonstrate not only our ability to obtain financing, but also our good relationships with funders and financiers.

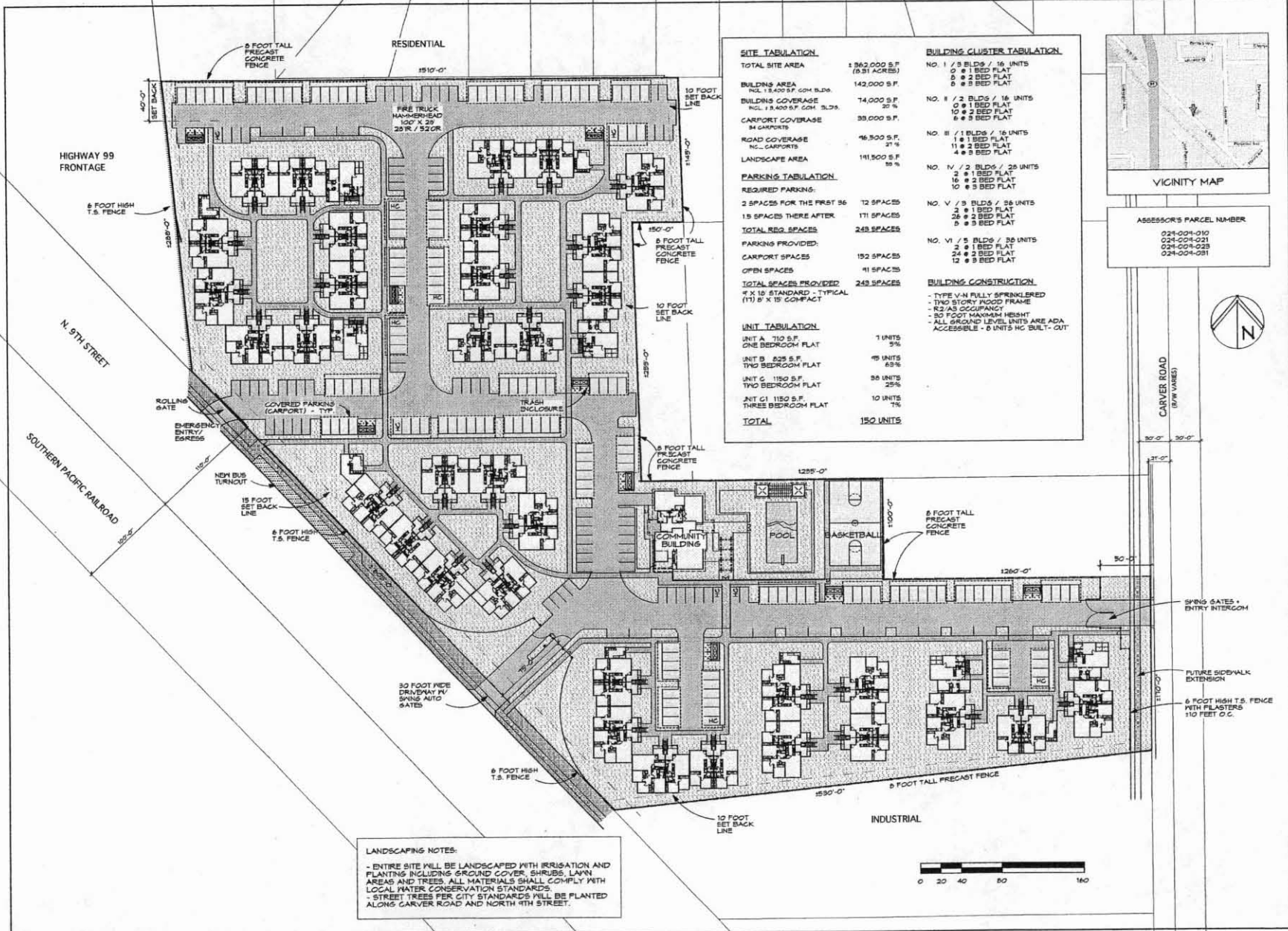
EAH Housing is dedicated to managing and creating housing that is a source of pride and enjoyment for residents and neighboring communities. This commitment to excellence inspires healthy communities and creates a lifetime of care that is provided through EAH. Affordable housing is a critical issue that touches each of us. From teachers and caregivers, to seniors and firefighters, we are all affected by the cost and availability of housing. Unparalleled dedication by EAH, in partnership with public and elected officials, will ensure quality affordable housing for the many constituencies that compose the unique fabric of our communities today.



Centertown, San Rafael



Sonoma Creekside, Santa Rosa



SITE TABULATION

TOTAL SITE AREA	1,862,000 S.F. (8.31 ACRES)
BUILDING AREA	142,000 S.F. (INC. 13,400 S.F. COMM. BLDG.)
BUILDING COVERAGE	74,000 S.F. 27%
CARPORIT COVERAGE	35,000 S.F. 34 CARPORTS
ROAD COVERAGE	46,500 S.F. 27% (INC. CARPORTS)
LANDSCAPE AREA	141,500 S.F. 88%

PARKING TABULATION

REQUIRED PARKING:

2 SPACES FOR THE FIRST 36	12 SPACES
1.5 SPACES THEREAFTER	171 SPACES
TOTAL REQ. SPACES	249 SPACES

PARKING PROVIDED:

CARPORIT SPACES	152 SPACES
OPEN SPACES	41 SPACES
TOTAL SPACES PROVIDED	249 SPACES

(17) 8' X 15' COMPACT

UNIT TABULATION

UNIT A 710 S.F. ONE BEDROOM FLAT	7 UNITS 5%
UNIT B 825 S.F. TWO BEDROOM FLAT	45 UNITS 63%
UNIT C 1150 S.F. TWO BEDROOM FLAT	88 UNITS 25%
UNIT G1 1150 S.F. THREE BEDROOM FLAT	10 UNITS 7%
TOTAL	150 UNITS

BUILDING CLUSTER TABULATION

NO. I / 3 BLDGS / 16 UNITS
0 # 1 BED FLAT
2 # 2 BED FLAT
4 # 3 BED FLAT

NO. II / 2 BLDGS / 16 UNITS
0 # 1 BED FLAT
10 # 2 BED FLAT
6 # 3 BED FLAT

NO. III / 1 BLDG / 16 UNITS
1 # 1 BED FLAT
11 # 2 BED FLAT
4 # 3 BED FLAT

NO. IV / 2 BLDGS / 25 UNITS
2 # 1 BED FLAT
16 # 2 BED FLAT
10 # 3 BED FLAT

NO. V / 3 BLDGS / 26 UNITS
2 # 1 BED FLAT
20 # 2 BED FLAT
4 # 3 BED FLAT

NO. VI / 5 BLDGS / 30 UNITS
2 # 1 BED FLAT
14 # 2 BED FLAT
12 # 3 BED FLAT

BUILDING CONSTRUCTION

- TYPE V-N FULLY SPRINKLERED
- TWO STORY JOIST FRAME
- R-2 AS OGGINGENCY
- 30 FOOT MAXIMUM HEIGHT
- ALL GRADING LEVEL UNITS ARE ADA ACCESSIBLE - 0 UNITS HG BUILT-OUT



ASSESSOR'S PARCEL NUMBER

024-004-010
024-004-021
024-004-023
024-004-031



CLA
CHRIS LAMEN + ASSOCIATES
ARCHITECTURE AND PLANNING

849 FOURTH ST. NO. A
SAN RAFAEL CA 94901
415.456.2348 FAX 415.456.8225

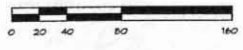
ARCHWAY COMMONS
1024, 1108, 1136, 1161 NORTH 9TH STREET
MODESTO, CA
EAH, INC.

SET TITLE
DATE
PLANNING SUBMITTAL
11/20/07
5/1/08

Scale 1" = 40' - 0" U.O.N.
JOB 2120
Sheet
Plot Date: 5/1/08

LANDSCAPING NOTES:

- ENTIRE SITE WILL BE LANDSCAPED WITH IRRIGATION AND PLANTING INCLUDING GROUND COVER, SHRUBS, LAWN AREAS AND TREES. ALL MATERIALS SHALL COMPLY WITH LOCAL WATER CONSERVATION STANDARDS.
- STREET TREES PER CITY STANDARDS WILL BE PLANTED ALONG CARVER ROAD AND NORTH 9TH STREET.



STANISLAUS COUNTY REDEVELOPMENT AGENCY

ARCHWAY COMMONS LOAN AGREEMENT

BOARD OF SUPERVISORS

2010 DEC -2 P 12: 48

PROMISSORY NOTE

1010 10th Street, Suite 3400 Modesto, California

May 1st, 2009

1. For value received, the undersigned, EAH Inc. 2169 E. Francisco Blvd., Suite B, San Rafael, CA 94901 ("Borrower"), promises to pay to the order of the Stanislaus County Redevelopment Agency or its designee ("Lender"), at 1010 10th Street, Suite 3400, Modesto, CA or at any other place that may be designated in writing by Lender, the principal sum of two hundred thousand and no dollars (\$200,000), with interest as set forth in this Note (calculated on the basis of a 360-day year). All sums due are payable in lawful money of the United States of America. The principal amount of this Note will bear interest at the rate of zero percent (0%) simple interest.

2. This Note is secured by, among other things, the full faith and credit of Borrower, and the Borrower agrees to adopt, implement and charge any fees necessary to pay this obligation to Lender.

____ **Check** (if applicable) and **(Initial)** ____ Borrower ____ Lender, a Deed of Trust executed on the same date as this Note, executed by Borrower, as trustor, in favor of Lender, as beneficiary ("Deed of Trust"), and encumbering the real property described in the Deed of Trust ("Property"). The holder of this Note will be entitled to the benefits of the security provided by the Deed of Trust and will have the right to enforce the covenants and agreements of Borrower contained in the Deed of Trust.

3. Borrower will pay to Lender the principal amount of this Note, and accrued interest, as follows: The final payment of this Note, which will be in an amount equal to the entire then outstanding principal balance of this Note, together with all accrued and unpaid interest, will be due on June 30, 2009 ("Maturity Date").

4. If Borrower fails to make any required payment on or before the tenth day (10) following the date on which it becomes due, Borrower will pay, at Lender's option, a late charge equal to five percent (5%) of the amount of the unpaid payment.

5. From and after the Maturity Date, or an earlier date on which all sums owing under this Note become due by acceleration or otherwise, all sums owing under this Note will bear interest until paid in full at a rate equal to six percent (6%) per annum in excess of the rate of interest specified above ("Default Rate").

6. All payments on this Note will be applied first to the payment of any costs, fees, late charges, or other charges incurred in connection with the indebtedness evidenced by this Note; next, to the payment of accrued interest; then to the reduction of the principal balance; or in any other order that Lender requires.

7. If: (a) Borrower fails to pay when due any sums payable under this Note; (b) (if applicable) an event of Default (defined in the Deed of Trust) occurs; it shall give rise to a right of acceleration of sums owing under this Note, and Lender, at its sole option, will have the right to declare all sums owing under the Note immediately due and payable.

8. Borrower will have the right to prepay, without penalty or premium all or any portion of the outstanding principal amount of this Note prior to the Maturity Date.

9. Borrower will pay to Lender all sums owing under this Note without deduction, offset, or counterclaim of any kind. The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note will in no manner make Lender the partner or joint venturer of Borrower.

10. If any attorney is engaged by Lender to enforce or construe any provision of this Note with or without the filing of any legal action or proceeding, then Borrower will immediately pay to Lender on demand all attorneys' fees and other costs incurred by Lender, together with interest from the date of the demand until paid at the Default Rate.

11. No previous waiver or failure or delay by Lender in acting with respect to the terms of this Note will constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust, or the other Loan Documents.

12. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within five (5) days from the time of mailing if mailed as provided in this paragraph.

LENDER:



By: Executive Director
Name: Kirk Ford
Stanislaus County
Redevelopment Agency
Address: 1010 10th Street, Suite 3400
Modesto, CA 95354

BORROWER:



By: Vice President and Assistant Secretary
Name: Matthew Steinle
EAH, Inc.
Address: 2169 E. Francisco Blvd., Suite B
San Rafael, CA 94901

REPAYMENT GUARANTY AGREEMENT

THIS REPAYMENT GUARANTY AGREEMENT (the "Guaranty") is made effective as of the 1st day of May 2009, by EAH Inc., a California nonprofit corporation (the "Guarantor") to and for the benefit of the Redevelopment Agency of the County of Stanislaus (the "Agency").

RECITALS

A. The Agency and EAH Inc., a California nonprofit corporation (the "Borrower") have agreed that Agency shall make a pre-development loan to the Borrower in an amount not to exceed \$200,000 (the "Loan") for the purposes of developing up to 150 apartment units on approximately 8.31 acres along North 9th St. near Carver Road in the City of Modesto, (which real property and improvements are collectively referred to herein as the "Property") provided that the loan is repaid by the Borrower by not later than June 30th, 2009.

B. Borrower has executed a promissory note (the "Note"), of even date herewith, in favor of the Agency and in the principal amount of the Loan. For purposes hereof, the term "Loan Documents" means and refers to the Note.

C. To induce the Agency to make the Loan, the Guarantor has agreed to guarantee full payment of the Loan and any other sums payable under the terms of the Loan Documents pursuant to the terms of this Guaranty.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor, intending to be legally bound hereby, unconditionally guaranties and agrees as follows:

1. Guaranty. The Guarantor hereby guarantee and promise to pay to the Agency, in lawful money of the United States, in immediately available funds, the principal sum of \$200,000 or so much thereof as may be due and owing under the Note or any of the other Loan Documents together with interest and any other sums payable under the Note or any of the other Loan Documents, and all costs of collection under the Loan and this Guaranty (collectively, the "Guarantied Obligations").

2. Remedies. If the Guarantors fails to promptly perform its obligations under this Guaranty, the Agency may from time to time, and without first requiring performance by the Borrower or exhausting any or all security for the obligations of the Borrower under the Note, bring any action at law or in equity or both to compel the Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by the Agency as a consequence of the failure of the Guarantor to perform its obligations.

3. Release. The Guarantor shall be released from its obligations under this Guaranty and this Guaranty shall terminate upon payment in full of the Guarantied Obligations.

4. Rights of the Agency. The Guarantor authorizes the Agency, without giving notice to the Guarantor or obtaining the Guarantor's consent and without affecting the

liability of the Guarantor (in its capacity as Guarantor only and not as Borrower), from time to time to: (a) renew or extend all or any portion of the Borrower's obligations under the Note or any of the other Loan Documents; (b) declare all sums owing to the Agency under the Note and the other Loan Documents due and payable upon the occurrence of a default under the Loan Documents; (c) otherwise modify the terms of any of the Loan Documents, except for (i) increases in the amount of the Note or changes in the manner by which interest rates, fees or charges are calculated under the Note and the other Loan Documents or (ii) advancement of the Maturity Date of the Loan where no default has occurred under the Loan Documents; (d) take and hold security for the performance of the Borrower's obligations under the Note or the other Loan Documents and exchange, enforce, waive and release any such security; (e) apply such security and direct the order or manner of sale thereof as the Agency in its discretion may determine; or (f) release, substitute or add any one or more endorsers of the Note or guarantors of the Borrower's obligations under the Note or the other Loan Documents.

5. Guaranty Unconditional. The Guarantor agrees that its obligations under this Guaranty are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal, or equitable discharge of a guarantor or surety.

6. Bankruptcy of Borrower. In any bankruptcy or other proceeding in which the filing of claims is required by law, the Guarantor shall file all claims which such Guarantor may have against Borrower relating to any indebtedness of Borrower to such Guarantor and shall assign to the Agency all rights of such Guarantor thereunder. If a Guarantor does not file any such claim, the Agency, as attorney-in-fact for such Guarantor, is hereby authorized to do so in the name of such Guarantor or, in the Agency's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the Agency's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The Agency or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the Agency the amount payable on such claim and, to the full extent necessary for the purpose, each Guarantor hereby assigns to the Agency all of such Guarantor's rights to any such payments or distribution; provided, however, each Guarantor's obligations hereunder shall not be satisfied except to the extent that the Agency receives cash by reason of any such payment or distribution. If the Agency receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of the Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the Agency as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by any Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.

7. Expenses of Enforcement. The Guarantor agrees to pay or reimburse the Agency for all costs and expenses of the Agency (including reasonable attorneys' fees) in connection with the enforcement of this Guaranty and/or the Loan Documents.

8. Representations, Warranties and Covenants. The Guarantor hereby represents and warrants that:

(A) it has the full power and authority to execute, deliver and perform this Guaranty and any instrument or agreement required under this Guaranty, and to perform and observe the terms and provisions of this Guaranty;

(B) all action on its part necessary for the execution, delivery and performance of this Guaranty and any instrument or document required under this Guaranty has been duly taken;

(C) its agents and officers executing this Guaranty and any instrument or agreement required under this Guaranty are fully authorized to execute the same;

(D) this Guaranty constitutes the valid and binding agreement enforceable against the Guarantors in accordance with its terms;

(E) its obligations under this Guaranty do not conflict with its obligations under any other agreement;

(F) neither the entry into nor the performance of, nor compliance with, this Guaranty, or other documents executed concurrently herewith has resulted or will result in any violation of, or be in conflict with, or invalidate, cancel or make inoperative, or interfere with, or result in the creation of any lien, encumbrance or any other charge upon its property pursuant to, or constitute a default under, any charter, bylaw, partnership agreement, trust agreement, mortgage, deed of trust, indenture, contract, credit agreement, franchise, permit, judgment, decree, order, easement, restriction or other charge, right or interest applicable to the Guarantors.

9. Applicable Law. This Guaranty, and the application or interpretation in this Guaranty, shall be governed by the laws of the State of California. The parties consent to the jurisdiction and venue of any federal or state court in the State of California and also consent to service of process by any means authorized by the State of California or federal law.

10. Modification. This Guaranty may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties.

11. Severability. If any provision of this Guaranty is determined to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all of the other provisions shall be deemed valid and enforceable to the greatest possible extent.

12. Headings. The headings used herein are for convenience of reference only and are not part of this Guaranty and do not in any way limit or amplify the terms and provisions hereof.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14. Notices. Any notice or other communication required or permitted to be given under this Guaranty shall be in writing and shall be personally delivered including but not limited to overnight delivery or deposited in the certified U.S. mail, return receipt requested, first class and postage prepaid, addressed to each party at the following addresses or such other address as may be designated by a notice pursuant to this Section 14:

Guarantor: EAH Inc.
2169 E. Francisco Blvd., Suite B
San Rafael CA 94901

Agency: Redevelopment Agency of the City of Modesto
1010 10th Street, Suite 3400
Modesto, CA 95354

Any notice provided in accordance with this Section shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt.

15. Joint and Several Liability. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several.

16. Counterparts. This Guaranty may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.

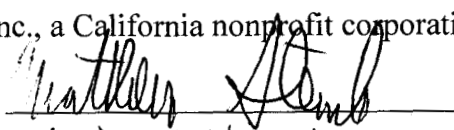
17. Waiver of Jury Trial. THE GUARANTOR AND THE AGENCY HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE NOTE OR THIS GUARANTY (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH SUCH PARTY HEREBY AGREES AND CONSENTS; THAT ANY PARTY TO THIS GUARANTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day first written above.

GUARANTOR:

EAH Inc., a California nonprofit corporation

By:



Its:

VICE PRESIDENT & ASSISTANT
SECRETARY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Marin

On 4/22/09 before me, Patricia Ryan Bohm, Notary Public

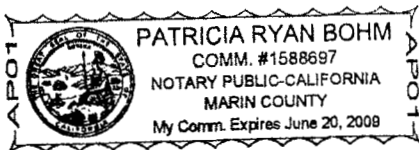
Date

Here Insert Name and Title of the Officer

personally appeared

Matthew Steink

Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Patricia Ryan Bohm

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____