

Cornerstone Village

Elk Grove

City of Elk Grove
Request for Proposals:
Development, Construction and Operation
of an Affordable Housing Project

Proposal for
Cornerstone Village

Submitted by



May 19, 2021





May 19, 2021

Jason Lindgren, City Clerk
City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

**Re: Cornerstone Village – Elk Grove
Request for Proposals: Affordable Housing Project**

Dear Mr. Lindgren,

The development team of the John Stewart Company (“JSCo”) and Bethesda Cornerstone Village (“BCV”) (collectively, the “Development Team”) is pleased to submit a response to the City of Elk Grove’s Request for Proposals for the Development, Construction and Operation of an Affordable Housing Development.

The Development Team is requesting \$2,936,000 to develop Cornerstone Village – Elk Grove, an inclusive, affordable housing community at 9270 Bruceville Road. Cornerstone Village will unite a rich tapestry of people – working families, adults who have experienced homelessness and people with intellectual and developmental disabilities (“I/DD”) – through carefully designed common spaces and intentional resident life programming.

The Development Team is working collaboratively with Light of the Valley Church, the current owner, to transform the 4.09-acre site into a mixed-use campus. The church’s main building will remain on 0.87 acres; the balance of the site will be redeveloped into 84 apartments across one three-story elevator building and seven three-story walk-up style buildings. The elevator building will feature over 4,000 square feet of amenity space on the first floor. A shared courtyard will connect the community building with the existing church building, which will create a special gathering space that will benefit both the Cornerstone Village residents and the broader neighborhood.

Cornerstone Village’s unit mix includes forty-two (42) one-bedrooms, twenty (20) two-bedroom apartments and twenty-one (21) three-bedroom apartments. Twenty-one (21) apartments will be set-aside for people with I/DD and nine (9) will be set-aside for people who have experienced homelessness. One apartment will be designated for a site manager. Cornerstone Village will be affordable to a range of incomes levels, from 25% of the area median income (“AMI”) to 70% AMI.

The City of Elk Grove’s financing commitment would be the first of several affordable housing sources the Development Team will seek over the next year. With the City’s commitment and other local financial leverage, we will apply for tax exempt bonds and 4% Low Income Housing

Tax Credits to CDLAC/TCAC in May 2022. If we are successful in securing tax-exempt bonds, the Development Team will close on financing and start construction in October 2022. The project, with its blend of apartments designed for families and 30 units of supportive housing, and an average affordability of 38.3% Area Median Income, will be highly competitive for these scarce resources.

JSCo and BCV acknowledge the conditions stated in the RFP and are not requesting any exceptions to the RFP requirements or Affordable Housing Loan Program Guidelines. JSCo, in partnership with BCV, is responsible for answering questions relevant to the proposal and has lead responsibility for ensuring the project development and operation is consistent with the City funding commitment.

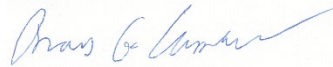
If you have any questions, please contact our primary project liaison, Margaret Miller, Senior Vice President of Development, at (415) 345-4400 or mmiller@jsco.net.

Thank you for this opportunity to create a new model for inclusive residential living in the vibrant City of Elk Grove!

Sincerely,



Margaret Miller
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Cc: Sarah Bontrager, Housing and Public Services Manager

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Qualifications and Experience

The John Stewart Company, Inc. (“JSCo”) and Bethesda Cornerstone Village, LLC (“Bethesda”) are excited for the opportunity partner on a transformational development like Cornerstone Village – Elk Grove.

JSCo and Bethesda share a mission to create communities that foster well-being and independence for people of all abilities. We have assembled a development team, including many firms we have worked with previously, based on their collaborative approach, local knowledge and embrace of our goal of creating an inclusive, affordable community. We look forward to bringing this shared mission to the forefront in Elk Grove.

JSCO and Bethesda share a mission to create communities that foster well-being and independence for people of all abilities.

Development Team Members

Lead Developer & Property Management	The John Stewart Company
Co-Developer, Resident Life	Bethesda Cornerstone Village
Architectural Design	Mogavero Architects
General Contractor	Brown Construction
Financial Consultant	Devine & Gong, Inc.
Legal Counsel	Lubin Olson LLP
Audit & Tax Accounting	CohnReznick
Environmental Consultant	PSI-Intertek

Below are highlights of the Development Team’s experience creating and managing successful residential communities in California and the Sacramento region in particular. More details about the development team members are included in Section 14.

Development Team Experience & Key Staff

The John Stewart Company Lead Developer | Property Management



The John Stewart Company (“JSCo”) was founded in 1978 with a commitment to providing high quality management for affordable housing in the Bay Area. Today, JSCo is a full-service housing management, development, and consulting organization employing over 1,400 people state-wide. JSCo’s staff is as multi-faceted as the populations we serve, and we have been recognized by the State of California with an award for Excellence in the Workplace for the promotion of ethnic and cultural diversity. Our professional backgrounds are in areas as diverse as real estate, finance, education, sociology, land use planning, public policy, architecture, engineering, construction, accounting, and communication. This variety of experience, together with our commitment to providing service-oriented housing, exemplifies the unique perspective and breadth of services we bring to every project.

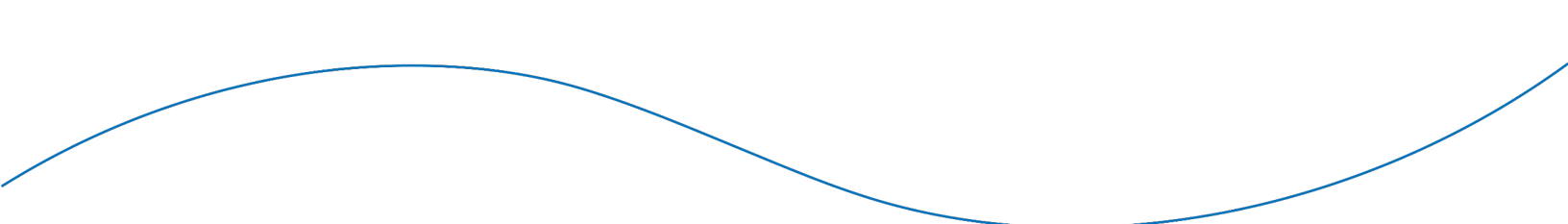
The John Stewart Company has experience with the complex process of multifamily real estate development, financing, construction, marketing, and management. We have the versatility and professional capacity to perform every task from initial feasibility through development and long-term property management. We have four offices across California: San Francisco, Sacramento, Scotts Valley, and Los Angeles. Our services include:

Development and Construction

JSCo provides project development and construction management services for our own developments as well as for a wide variety of outside clients and organizations. To date, JSCo has developed approximately 5,000 units of housing throughout California, the vast majority of which are affordable. The development team has extensive experience financing projects with tax credits, tax-exempt bonds, HUD programs and other public and private funding sources. As a developer and construction manager, JSCo draws on its broad range of internal and external expertise – including property managers, developers, architects, and contractors – to provide comprehensive services throughout the budget, design, development, construction, lease up, and operations processes.

Recently completed and ongoing development projects in the Sacramento area include:

- **Coral Gables and Villa Jardin**, an 82-unit affordable family development that includes the preservation and rehab of 44 apartments in Villa Jardin and new construction of 38 at the adjacent Coral Gables;
- **Cannery Place/Township 9**, a 180-unit affordable family housing new construction project that includes ground floor retail;

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- **Woodhaven**, a 104-unit affordable senior acquisition rehabilitation project;
 - **Providence Place**, a 292-unit affordable family acquisition rehabilitation project; and
 - **Shasta Hotel**, an 80-unit acquisition rehabilitation SRO project.

A detailed list of the firm's development projects is included in Section 14. The John Stewart Company has never owned or managed an asset that defaulted or was foreclosed upon.

Management

Comprehensive housing management is the foundation of JSCo's diversified housing services. As the largest manager of affordable housing in California, JSCo has a portfolio that contains 430 properties and approximately 33,400 residential units, which house over 65,000 Californians. Please note that given the large number of projects for which JSCo provides third party property management, we have not included the complete list of third-party managed properties, although we are happy to provide upon request.

No properties under JSCo's ownership and management have defaulted or were foreclosed upon. JSCo has experience in affordable and market-rate family housing, special needs housing, veterans housing, senior housing, cooperatives, marketing and lease up, specialized program development, and common interest developments. Our goal is to provide secure, service-oriented, well-maintained, and professionally managed housing that serves the interests of residents and owners alike. Reaching beyond the traditional management services of maintenance and budgeting, we strive to create community environments that foster high levels of physical, social, and emotional well-being among residents. At the same time, we also provide owners and sponsors with financial efficiency, accountability, and value-added benefits. Additionally, we are fully equipped with internal compliance staff to ensure that we are meeting all of the regulatory and financing requirements that are tied to the complicated affordable housing projects that we manage.

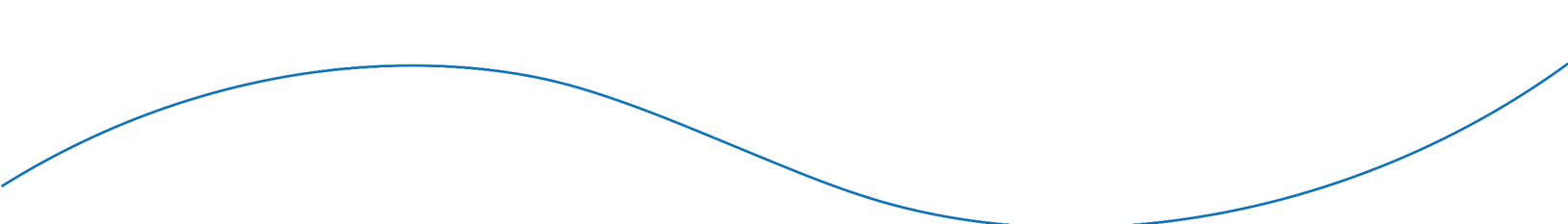
Marketing and Lease Up

JSCo's approach to marketing and lease up utilizes a range of targeted advertising and promotional activities designed to effectively reach qualified applicants. We also establish community outreach and community building programs to attract qualified potential residents. Our screening procedures are careful and thorough. We perform background checks, call references, and conduct family interviews. We verify income and assure compliance with housing assistance programs, when applicable.

Our familiarity with the requirements of the many federal and state housing program and occupancy guidelines, such as HUD, CHFA, HCD and the Low Income Housing Tax Credit program, assures full compliance with Regulatory Agreements and Fair Housing requirements.

Maintenance

After a project is developed, JSCo has the internal capacity and capability to ensure long-term success for the project. Our construction, asset, and property management teams collaborate to develop comprehensive maintenance programs for each project we own to ensure every property is well-maintained. Extensive preventative maintenance procedures keep equipment



and systems in top operating condition. Every property is required to have an Operations Manual containing emergency information and procedures, utility location and shut-off maps, and identification, location, and servicing information for building equipment systems.

Asset Management

JSCo has an asset management team that oversees the firm's portfolio of owned assets. The asset managers work closely with property management, development, and construction services staff to ensure that each project is meeting its original social, community, and financial goals and that it is maintained in the highest quality manner possible.

Key Staff

Jack D. Gardner, President & CEO
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Years in Real Estate Development: 25+

Margaret Miller, Senior Vice President of Development
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** Primary project liaison*

Tracy Esposito, Vice President of Property Management
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Years in Property Management: 15+

Catherine Etzel, Director of Development
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Years in Real Estate Development: 10+

Julie Mendel, Project Manager
San Francisco, CA
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Years in Real Estate Development: 2

Please see Section 14 for full resumes of key staff.



Bethesda Cornerstone Village Co-Developer | Resident Life Programming

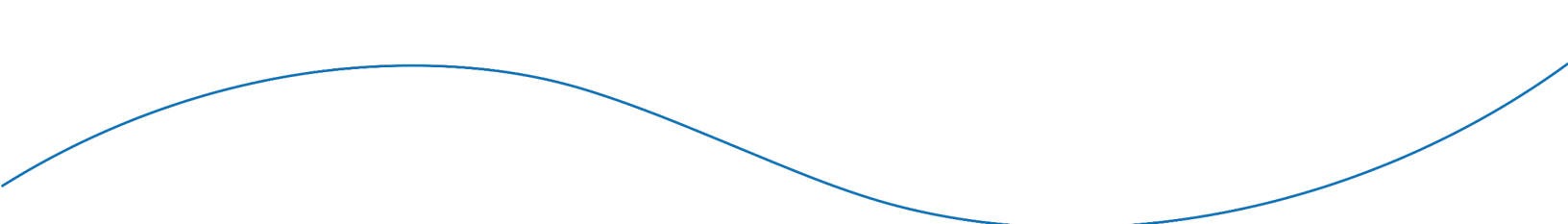
Bethesda Cornerstone Village is the real estate development arm of Bethesda Lutheran Communities, a national leader in providing homes and support, promoting awareness, and advocating for people with intellectual and developmental disabilities (“I/DD”).

Bethesda’s Cornerstone Village initiative is a forward-thinking solution designed to create inclusive, independent housing options for people with intellectual and developmental disabilities. With Cornerstone Village, Bethesda is building on its years of experience developing and managing a diverse real estate portfolio, ranging from four-person group homes to retail centers. Bethesda Lutheran Communities currently operates 34 residential facilities for people with I/DD in nine communities in California.

In 2019, Bethesda Cornerstone Village broke ground on its first inclusive multifamily residential community in Minnesota. The five-year strategic plan is to create 14 Cornerstone Villages, including three in the Sacramento region. Bethesda Lutheran Communities, with the full support of its Board of Directors, is investing significant resources in order to realize this goal. Bethesda Lutheran Communities hired four experienced development professionals in its first year and half of operation.

Cornerstone Village – Elk Grove represents Bethesda’s entrance into affordable housing development in the Sacramento region. Below are similar projects that were recently completed or are currently in development:

- **Cornerstone Village – Victoria**, a 52-unit community for seniors ages 55 and older. 20% of the units are set-aside for adults over 18 with I/DD. The development utilizes Tax Increment Financing to make 20% of the apartments to households at or below 50% of the area median income. The new construction development includes many universal design features and smart home technology.
- **Cornerstone Village – Oakdale**, a 71-unit mixed income community targeting families that is located near a bus rapid transit station that connects the state capital of St. Paul to the eastern suburbs. The 50 affordable units are financed primarily with 4% credits and tax-exempt bonds. Twenty-five percent of the apartments will be reserved for households with someone who has I/DD.
- **Cornerstone Village – Highland**, a 68-unit affordable development on Milwaukee’s Near West Side. The development will be for seniors ages 55 and older. Twenty-five percent are supportive housing units, including seven apartments for older adults referred through the homeless coordinated entry system and ten for younger adults who have a disability and are at-risk-of-homelessness.

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- **Cornerstone Village – Wauwatosa**, a 97-unit mixed-income development where 20% of the units will be affordable for adults with I/DD. The building will include Bethesda's Innovation Lab for adaptive technology and accessible design, as well as an instruction space for the Wauwatosa School District's transition program for young adults with disabilities.

Key Staff

Tom G. Campbell, Vice President, Real Estate
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** Primary project liaison*

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Please see Section 14 for full resumes of key Bethesda staff.

Mogavero Architects Architectural Design

The logo for Mogavero Architects is displayed within a dark blue rectangular box. The word "mogavero" is written in a white, lowercase, sans-serif font. Below it, the word "ARCHITECTS" is written in a smaller, orange, uppercase, sans-serif font.

For nearly thirty years, Mogavero Architects has designed buildings and communities with the goal to inspire sustainability and create places with meaning. The firm's award-winning architecture, planning, and urban design services have been provided to clients throughout California, from small towns to intensely urban settings. Mogavero's experience with public agencies spans the State of California, and they currently have contracts with many local Housing Authorities and local government entities. As skilled facilitators and outreach consultants, Mogavero has extensive experience in consensus building and collaborative decision-making with public agencies, private organizations, and individuals. Public participation in the planning and design process adds immeasurable value to the built environment. Mogavero Architects typically facilitates collaborative efforts with neighborhood associations in addition to public and private organizations as they assist developers, government agencies, and nonprofit organizations in realizing their project goals.

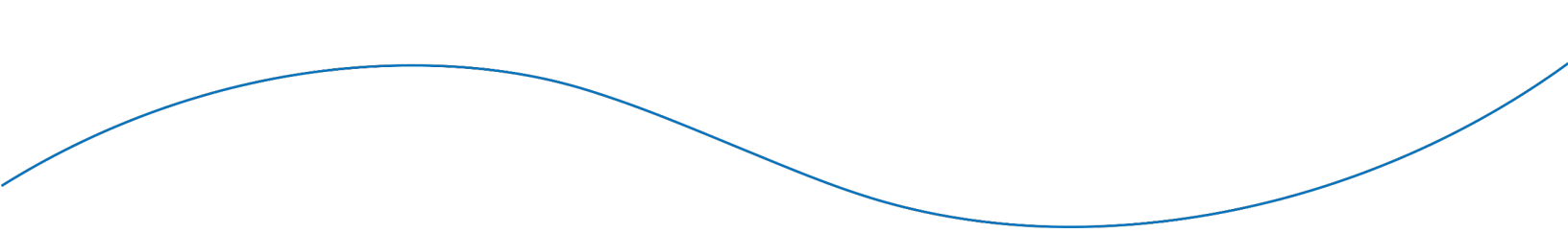
Mogavero Architects' LEED-accredited professionals have demonstrated their dedication to green, sustainable design since the firm's inception. The firm's founders pioneered cutting edge green building with an emphasis on passive heating and cooling and ventilation systems, daylighting, and other natural conservation systems. Mogavero assesses the context of the building on site, position in the neighborhood, contribution to the built environment, and future purpose. Using themes that include historic and cultural influences, neighborhood identity, or natural elements like climate and environment, Mogavero contributes to the definition and creation of community at varying levels while encouraging interaction with the projects they are asked to design.

Mogavero thrives on complex products that involve many product types, financing sources, and stakeholders. Weaving together seemingly disparate objectives, site constraints, and systems to make a beautiful building is what they do best.

Key Staff

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Matthew Wietrick, Architectural Designer
Sacramento, CA
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Years in Architecture: 30

Brown Construction Construction Management



Brown Construction, Inc. was founded by William (Bill) T. Brown in 1964, primarily to construct multifamily housing. The company officially incorporated in the State of California in 1971. In 1988, Ron T. Brown joined in partnership with his father to expand into commercial construction. Bill and Ron co-owned Brown Construction, Inc. until 2002, at which time Bill retired his ownership in the company and sold his interest to Ron.

Ron Brown is a Licensed General Contractor in the States of California, Arizona, Nevada, Washington, Colorado, Texas, Idaho, and Montana. With his extensive background in multifamily, commercial, and industrial projects, he has nurtured the growth of Brown Construction into a large company. Brown Construction has two executive vice presidents who oversee our projects and hold a minority share of company – Matt DeFazio and Liz McCapes. Liz has been with Brown for 29 years, Matt for 21 years. They are both hands-on with their respective projects, taking an active role in overseeing both the preconstruction and construction processes.

Brown Construction has a broad portfolio of experience spanning the commercial, multifamily, academic, and civic market sectors. Their current roster of projects includes mixed-use facilities, market rate and affordable multifamily housing, senior communities, student housing, commercial office buildings, retail developments, and government facilities. They dedicate themselves to approximately 20 projects per year and are fortunate to be able to be selective in the mix of projects they build at any given time. They maintain diversity in their workload which has contributed to the success and stability of the company over the last 54 years. Their expert staff are nurtured through continued education and training, and the highest safety standards in the industry, which is why many of their staff have spent decades with Brown Construction.

Brown's involvement in construction goes beyond the structures they build. They care deeply about the neighborhoods and the environment in which they build, about enhancing communities, and about adding buildings with a purpose. Part of their design process for each project is understanding the dynamics of the community and what will help it to thrive after construction crews are gone.

Brown Construction has been building affordable multifamily housing, both publicly- and privately-funded – as a primary line of business in California for more than 55 years. Their projects range in size from eight to 360 living units, and most involve multi-layered government financing. Their staff are highly experienced with the unique requirements of these types of financing, and have decades of experience managing the reporting, target participation outreach, and wages oversight necessary. Their portfolio includes nearly 8,000 units of affordable housing.



Key Staff

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Years in Construction: 36

Steve Neiswonger, Project Manager
West Sacramento, CA
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Years in Construction: 43

**Devine & Gong, Inc.
Financial Consultant**



Devine & Gong, Inc. (DGI) has more than one hundred years of collective experience in the affordable housing industry. This experience in a variety of relevant positions, from HUD employee, tenant organizer, non-profit developer, and syndicator, to lender, not-for-profit intermediary, insurer, and consultant. The firm is comprised entirely of individuals who have specialized in affordable housing finance and community development work. This is not a sideline or part-time pursuit of DGI, but rather its reason for existence and the sole focus of its staff.

DGI's experience dates back to their formation in the early 1980s. DGI's involvement varies with each project. While some engagements require only financial structuring services, other require step-by-step support and guidance from the initial feasibility study through construction and completion of the project. We will in the gaps and provide the expertise and guidance to successfully complete the project.

DGI has extensive experience with the vast majority of affordable housing financing programs and understand the interplay between programs and project programming required of each, whether at the feasibility, application, or implementation stage. DGI also provides underwriting analysis, reviews environmental reports, evaluates property management plans, and analyzes partnership agreements and operating proformas. In its relationships with clients the firm emphasizes integrity, candor, and the highest possible standards of performance. DGI's commitment to quality, and the effort takes to produce it, has never been and never will be compromised.

Key Staff

Candy Rupp, Senior Project Associate
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Years in Real Estate & Community Development: 37

Paul Carney, Senior Project Associate
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Years in Real Estate & Community Development: 10

In the nearly four decades since its founding, Lubin Olson & Niewiadomski LLP (formerly Stein & Lubin LLP) has developed a reputation as one of California's leading mid-size law firms. Lubin Olson offers an extensive complement of legal services relating to real estate, business, land use, litigation, finance and workouts, bankruptcy and creditor's rights, construction law, and affordable housing matters.

Lubin Olson's Affordable Housing Practice Group has extensive experience in affordable housing transactions, normally representing the owners or developers, many of which are nonprofit public benefit corporations acting either as the property owner or as the managing general partner of tax credit limited partnerships. They have represented clients in the acquisition, rehabilitation, financing, and development of thousands of affordable housing units using tax-exempt bonds and low-income housing tax credit financing, as well as financing insured by the United States Department of Housing and Urban Development (HUD). They work closely with attorneys and program staff at a variety of public agencies, including HUD, the California Department of Housing and Community Development (HCD), the Housing Authority of the City and County of San Francisco, and San Francisco's Mayor's Office of Housing and Community Development, among others. They have handled affordable housing transactions throughout California, Arizona, New Mexico, and Hawaii, and assist their clients in navigating the intricacies of HUD program requirements, including programs such as HOME, HOPE VI, Section 8 Certificates and Vouchers, FHA insurance, Section 223(a)(7), Section 236, Section 202, and Rental Assistance Demonstration (RAD).

Lubin Olson's Affordable Housing Practice Group regularly advises its clients in the review of ground leases, loan documents, bond documents, partnership agreements, operating agreements, development agreements, regulatory agreements, due diligence materials, architect and construction agreements, title policies and surveys, covenants and restrictions, easements, and licenses. As their clients' projects often involve multiple layers of financing and a combination of construction debt, permanent debt, tax-credit equity and subordinate debt from various public agencies, they help review, negotiate, and analyze clients' issues relevant to their roles in the housing process to ensure a successful transaction.

Beyond handling complicated financing structures, Lubin Olson's practice areas also encompass all aspects of land use planning, environmental review, and obtaining development entitlements. Lubin Olson's strength as a firm lies in their ability to assist their clients from the beginning of project development through to financing through to day-to-day portfolio management. The firm also has significant experience with advising the board of directors of various nonprofit corporations and membership corporations. Lubin Olson's clients depend on the firm for their thoughtful and carefully crafted advice and ability to answer complex legal questions.



Key Staff

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Years in Real Estate Law: 16

Established in 1919 CohnReznick is a national firm with over 3,000 professionals in 25 cities serving a variety of industries including Real Estate and specializing in Affordable Housing.

Community development

Making a difference in distressed communities, CohnReznick has been on the cutting edge of innovative community development for over 40 years. Whether it is working within tax credit programs, helping shape policy at Federal and state levels, or collaborating with state and local economic development programs, we have helped lead the growth and sophistication of the community development industry. Since the implementation of tax credits and now through the unique approach of Opportunity Zones, CohnReznick has served investors, developers, governmental entities and other stakeholders to help communities reach their full potential.

The affordable housing leader

There at the inception of LIHTC and on through today's evolving needs and challenges, CohnReznick has the nation's most experienced, well-versed and well-connected team in the nation. Through our foundational experience, we know where challenges exist and how to overcome them, how to keep your business running smoothly and, we help to lead advocacy for affordable housing in America. With more than 75 dedicated partners, we offer clients tailored, industry relevant solutions across the country serving developers, syndicators/investors, and public entities.

Key Staff

Sean Holloway, Audit Partner
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Years of audit experience: 18 years with CohnReznick and over 20 years professionally

Eric Jones, Tax Partner
Sacramento, CA

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Years of tax experience: 18 years with CohnReznick and over 20 years professionally

**PSI-Intertek
Environmental Consultant**



For more than 135 years, companies around the world have depended on Intertek to help ensure the quality and safety of their products, processes and systems. PSI-Intertek has extensive experience working throughout Northern California.

Our team provides clients with a single source for assessing, evaluating, consulting, designing, reporting, and managing data and project information. With a constant focus on safety, our Northern California Group offers a full range of environmental engineering and consulting services ranging from ASTM compliant Phase I ESAs to designing, installing, and operating complex multi-aquifer dual phase remediation systems. PSI saves our clients time and money by focusing on innovative and value-based efforts that balance regulatory requirements with cost effectiveness and practicality.

PSI's Northern California operation typically completes 10 to 15 Phase I ESAs per month. PSI has completed Phase I ESAs on a myriad of different properties from undeveloped land to large industrial/chemical plants. PSI has completed numerous Phase I ESAs on large multi-family residences with services provided beyond the ASTM being asbestos, lead paint, and mold evaluations.

Key Staff

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Principal Consultant / Regional Vice President, Environmental Services – West
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Years in Environmental Services: 20+

Experience Working Together

JSCo and Bethesda have assembled a team that has worked together successfully on multiple affordable housing projects in California over the last five years. Bethesda Cornerstone Village, which is new to developing in California, is the only new member on the team. The entire team is currently working on Coral Gables & Villa Jardin, a combination of new construction and rehabilitation in Sacramento. JSCo recently received a 9% LIHTC award for Coral Gables, which is very similar in financing structure and physical design to the proposed Cornerstone Village – Elk Grove. As a result, the team is able to immediately apply this experience to developing Cornerstone Village. Below is a table illustrating recent project collaboration.

Comparable Project	Location	JSCo	Mogavero	Brown	Devine & Gong	Lubin Olson	Cohn Reznick	PSI-Intertek
Coral Gables & Villa Jardin	Sacramento, CA							
Meadow View Place	Truckee, CA							
Coldstream Commons	Truckee, CA							
Creekside Apartments	Davis, CA							
Heritage Commons Phase 3	Dixon, CA							
Heritage Commons Phase 2	Dixon, CA							
Solivita Commons	Clovis, CA							
Renaissance at Parc Grove	Fresno, CA							
Cueva do Oso	Selma, CA							

Coral Gables & Villa Jardin
Sacramento, CA



Meadow View Place
Truckee, CA



Coldstream Commons
Truckee, CA



Creekside Apartments
Davis, CA



**Heritage Commons
Phases 2 & 3**
Dixon, CA





Non-Profit Team Member

Non-profit name:	Bethesda Cornerstone Village, LLC (“BCV”)
Affiliated organizations:	Bethesda Lutheran Communities, Inc. (“BLC”) BCV is wholly owned and controlled by BLC. BLC’s 501(c)3 status inures to BCV.
Incorporation date and place:	BCV: May 10, 2019; State of Wisconsin BLC: 1904; State of Wisconsin
IRS tax status:	501(c)3 BCV FEIN: 84-1730106 BLC FEIN: 39-0806446
Annual budget:	BCV: \$2.7 Million BLC: \$136 Million (not including BCV) <ul style="list-style-type: none">• Development staff are employees of BLC.• BLC audited financial statements and IRS 990s can be made available upon request.
Major sources of funding:	BCV: Developer fees, cash flow from residential operations BLC: Medicaid waiver fees, donations and retail revenue (thrift stores)

Similar Project Experience & References

The John Stewart Company Lead Developer | Property Management

Project: **Shasta Hotel**
Location: Sacramento, California
Contact Person: Christine Weichert, Director
Sacramento Housing and Redevelopment Agency (SHRA)
(916) 440-1353
Amount of Funding: \$4.2M SHRA Loan
\$550K SHRA Take-Back Note

Project: **Villa Jardin/Coral Gables**
Location: Sacramento, California
Contact Person: Christine Weichert, Director
Sacramento Housing and Redevelopment Agency (SHRA)
(916) 440-1353
Amount of Funding: \$3.3M SHRA Loan

Project: **88 Broadway**
Location: San Francisco, CA
Contact Person: Sarah Nusser, Senior Project Manager
Mayor's Office of Housing and Community Development
(240) 441-6806
Amount of Funding: \$28.5M MOHCD Loan

Project: **735 Davis**
Location: San Francisco, CA
Contact Person: Sarah Nusser, Senior Project Manager
Mayor's Office of Housing and Community Development
(240) 441-6806
Amount of Funding: \$18.5M MOHCD Loan

Project: **John Burton Advocates for Youth Housing Complex**
Location: San Francisco, CA
Contact Person: Anne Romero, Senior Project Manager
Mayor's Office of Housing and Community Development
(415) 701.5525
Amount of Funding: \$12.5M



**Bethesda Cornerstone Village
Co-Developer | Resident Life Programming**

Project: **Cornerstone Village – Victoria**
Location: Victoria, Minnesota
Contact Person: Dana Hardie
City of Victoria
(952) 443-4211
Amount of Funding: \$1.28M Tax Increment Financing

Project: **Cornerstone Village – Oakdale**
Location: Oakdale, Minnesota
Contact Person: Erin Coons
Minnesota Housing Finance Agency
(651) 296-9836
Amount of Funding: \$3M Tax Exempt Bonds with \$615,000 4% LIHTC, and
\$7.6M Deferred Financing (awarded December 2020)

Project: **Cornerstone Village – Highland**
Location: Milwaukee, Wisconsin
Contact Person: Shreedhar Ranabhat
Wisconsin Housing & Economic Development Authority
(608) 266-2781
Amount of Funding: \$1M 9% LIHTC allocation (awarded April 2021)

Please see Section 14 for relevant experience of Mogavero Architects, Brown Construction, Devine & Gong and PSI-Intertek.



Ability to Secure Financing

JSCo and Bethesda are very strong financially and both entities have exceptional liquidity, rendering the team more than capable of providing all required guarantees for the project. This financial capability, along with our outstanding relationships with public agencies, lenders, and investors, will be critical to securing a wide range of advantageous financing and equity investments for the project.

JSCo and Bethesda have collectively secured financing from virtually every affordable housing source, including 4% and 9% low-income housing tax credits, tax-exempt bonds, HUD financing programs such as Section 202 and 811, FHA insurance programs, the Federal Home Loan Bank's Affordable Housing Program, HCD's Multifamily Housing Program, capital and operating subsidies through the Sacramento Housing and Redevelopment Authority, and a wide range of local housing programs. The team has broad experience in arranging competitive debt and equity financing for every size and type project, from market-rate projects with conventional debt to deeply affordable projects subsidized by tax credits, public loans, and/or Section 8 rent subsidies. Additionally, the team has extensive experience developing and implementing complex deal structures and obtaining financing when development constraints require creative or unique approaches.

In short, JSCo and Bethesda have the expertise, relationships and creativity required to tap into the multitude of financing sources that will be required to make the Cornerstone Village – Elk Grove project successful.

As evidence of investor interest in Cornerstone Village – Elk Grove, please see Section 14 for the Letter of Interest from Enterprise Community Investments.

Project Description – Conceptual Projects

Working Name of Project

Cornerstone Village – Elk Grove

Project Description

Cornerstone Village – Elk Grove is an affordable, rental community that will unite a rich tapestry of people – including working families, households that have experienced homelessness and independent adults with developmental disabilities.

The development team of The John Stewart Company (JSCo) and Bethesda Cornerstone Village (Bethesda) (collectively, the Development Team) aim to transform the four-acre site at 9270 Bruceville Road into an entirely new living option for Elk Grove residents of all abilities. Simply put, Cornerstone Village will be more than a building. Cornerstone Village is designed to be an intentional housing community that not only provides a high-quality physical space, but also fosters social connections among residents and with our neighbors through rich resident life activities.

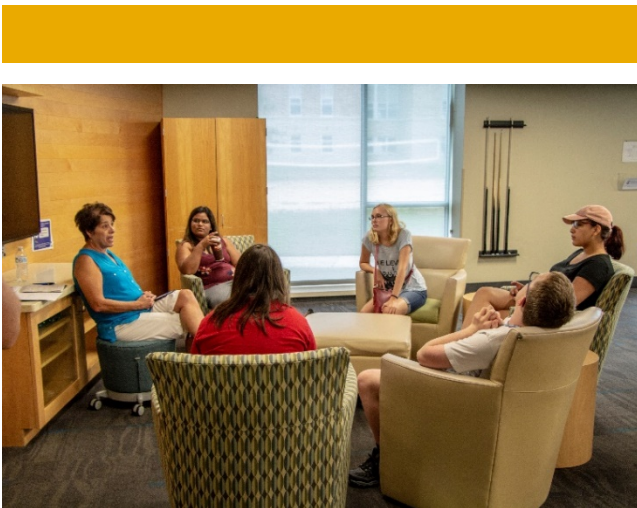
The proposed \$47.6 million redevelopment will provide 84 affordable apartment homes and over 4,000 square feet of community-focused space (the Development). Cornerstone Village represents a unique opportunity for the City of Elk Grove to be a national leader in creating an inclusive community for people with a range of abilities and incomes.



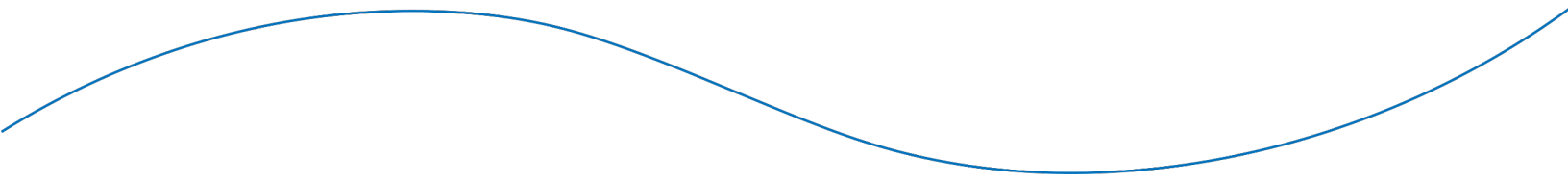
Distinguishing Elements of Cornerstone Village

The Cornerstone Village housing model is built on five elements that distinguish it from other residential concepts:

- **Inclusive housing for all abilities.** People with cognitive disabilities should have the option to live side-by-side with their neuro-typical peers. The Cornerstone Village community in Elk Grove will set-aside 21 apartments for adults with intellectual and developmental disabilities (I/DD), which is 25% of the Development's apartments. This ratio ensures efficiency for service delivery so experienced direct service personnel can be retained, while also giving adults with I/DD an opportunity to live among people with diverse abilities and income levels.
- **Creating a sense of community.** Cornerstone Village aims to foster meaningful social engagement among residents. To that end, Cornerstone Village's site staff in Elk Grove will include an Activity Director to create customized events and classes that appeal to the personality of the community. Programming may include, but are not limited to, fitness classes, coffee hours, book clubs, movie nights, faith groups, cooking demonstrations and educational opportunities. The overarching goal is to connect neighbors and build natural supports. As described further below, multiple common spaces are provided to host these community activities.



- **Consumer choice for services.** Cornerstone Village residents, regardless of age or ability, may need certain supports to allow them to live independently and pursue individual goals. In contrast to institutional settings, all residents will sign a standard residential lease which has no conditions for supportive services. If a resident needs support, they are free to choose what agency will provide their personalized set of services.



Residents who meet the State definition of having a developmental disability can access publicly funded services through the Alta California Regional Center (ACRC), one of 16 non-profit Regional Centers throughout California. ACRC offers comprehensive services including employment training, supported and independent living, behavioral and psychiatric support services that can be tailored to the needs of each Cornerstone resident with a developmental disability. ACRC reports that the average consumer participating in the Supported Living Services (SLS) program receives \$8,300 per month in services. The typical consumer in the Independent Living Services (ILS) program, which is training model and provides a lighter touch of support, receives \$2,100 - \$2,500 per month in services.

- **Responding to homelessness, a local priority.** JSCo and Bethesda both aim to respond to local needs in each of our developments. For this project, we recognize that deeply affordable units, including those dedicated to people who have experienced homelessness, is a high priority for Elk Grove. Based on a count conducted in 2017, there are over 330 individuals who are homeless in the City of Elk Grove alone. In response, Cornerstone Village – Elk Grove will include 9 units set-aside for households referred through the Sacramento County Continuum of Care’s Coordinated Entry System (CES). These apartments will be restricted to 25% AMI, and we will seek project-based vouchers from the Sacramento Housing and Redevelopment Agency to further ensure affordability.

JSCo and Bethesda commit to a housing first model in which eligibility criteria sets low barriers for households who have experienced homelessness. We anticipate CES referrals will prioritize individuals and households by their vulnerability, including the length of their current episode of homelessness and service needs.

JSCo has experience developing and managing supportive housing in the Sacramento area. For example, JSCo is currently working with LifeSTEPS on the Coral Gables/Villa Jardin development in Sacramento, which will include 38 units of permanent supportive housing for formerly homeless households. If this project is selected for funding, JSCo and Bethesda, in consultation with the City, will select a service provider to offer intensive case management services. The selected service provider will provide support during the application process and throughout a resident’s tenure. Supports will include case management and the development of individual service plans, benefits counseling and advocacy, substance abuse services, and referrals for mental and physical healthcare services.

- **Supporting independence through design.** The Development will incorporate a base package of smart home technology within all units, such as smart thermostats and smart locks, to give residents a sense of security. The building will also include a security camera system and electronic access control for exterior doors. In addition, physical accessibility will be a key component of the design. The building and all units will incorporate universal design features to accommodate people with varying physical abilities. These design elements include no-step showers, wide doorways, pocket doors, options for handrails and other mobility aids.

Why Cornerstone Village Is Needed

The United States is on the brink of a residential crisis for adults with I/DD. More than 7.38 million adults in the U.S. have an intellectual or developmental disability, and over 500,000 young people with autism are expected to enter adulthood in the next decade. According to a national study, about 75% of adults with I/DD still live with their parents or other family members, the majority of which are not receiving formal services or supports.¹ The Easterseals *Living with Disability Study* notes that only 17% live independently compared to more than half of adult children without disabilities (51%). One parent surveyed for the Easter Seals study shared, “I constantly worry about our son and what his future holds, and how he will fare after we die.”²

“I constantly worry about our son and what his future holds, and how he will fare after we die.”

Bethesda’s and JSCo’s goal with this development is to serve adults with I/DD who already reside in or near Elk Grove. According to Alta California Regional Center, which serves a 10-county area including Elk Grove, there are approximately 2,100 individuals in Elk Grove who meet the State definition of having a developmental disability. ACRC supports 842 consumers ages 18+ in Elk Grove’s primary zip codes of 95758 and 95624³. Yet there are no set-aside units in Elk Grove available to low-income adults with developmental disabilities to live independently in homes of their own.

Several factors are driving this critical housing gap:

- **Policy shift toward inclusion.** Nationally, policies and funding systems have increasingly emphasized self-determination and community integration for people with disabilities since the passage of the Americans with Disabilities Act in 1990. In California, the Lanterman Developmental Disabilities Services Act, originally passed in 1969, has led to the closure of state-run nursing homes and intermediate care facilities in favor of individualized support and community living. Unfortunately, resources to develop new community-based alternates for people with disabilities, other than living at home with parents, have not kept pace with the demand.
- **People with I/DD are living longer.** Fortunately, adults with I/DD are living longer given medical advancements and improvements in health care delivery. The average life expectancy of a person with Down syndrome, for example, increased from 12 years in 1949 to nearly 60 years today. This means new options, like Cornerstone Village, need to be built or expanded for people with I/DD as they enter adulthood and eventually become senior citizens.

¹ Braddock, D., Hemp, R., Rizzolo, M. C., Tanis, E. S., Haffer, L., & Wu, J. (2015). *The state of the states in intellectual and developmental disabilities: Emerging from the great recession* (10th ed.). Washington, DC: The American Association on Intellectual and Developmental Disabilities.

² Easterseals, Living with Disabilities Study. <https://www.easterseals.com/explore-resources/living-with-disability/disabilities-study.html>

³ California Department of Developmental Services, Consumer County by Zip Code, as of March 31, 2021.

- **Lack of housing affordability.** In California, eight of out ten consumers with developmental disabilities live exclusively on Social Security Income / State Supplementary Payment (SSI / SSP) benefits⁴, which are low-enough to price them out of every rental housing market in California. In Sacramento County, the SSI/SSP benefit of \$955 puts a single person at approximately 18% of the Area Median Income (AMI). A single person living on SSI looking to rent a studio apartment at the \$1,200 Fair Market Rent⁵ would need to pay 126% of their monthly income toward rent.
- **Typical apartment living is not enough.** Even if income is not a barrier, many individuals have not moved to an apartment community out of fear of becoming socially isolated. People with disabilities who experienced mainstream education as children are likely to expect meaningful connections in society as adults. Developing personal relationships in a transient apartment building, though, can be a challenge for anyone. Typical apartment buildings may also fail to create a sense of safety, which is a highly ranked preference among people with I/DD.



Loneliness is an epidemic.

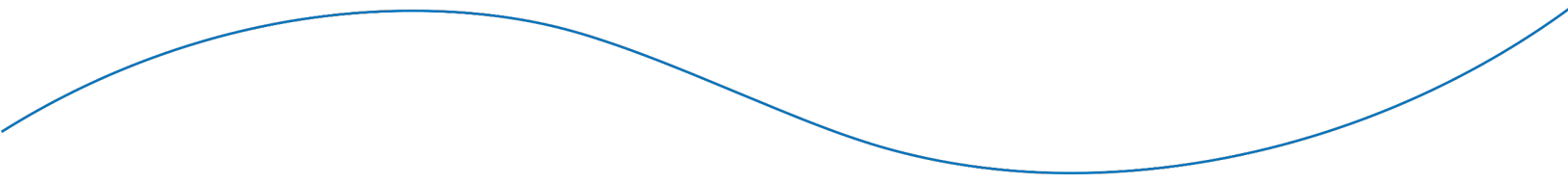
Cornerstone Village will be a community where social connections are valued.



With the Cornerstone Village model, the JSCo-Bethesda team also recognizes that meaningful social engagement is lacking for people of many walks of life. Some public health experts consider loneliness to be an epidemic. More than 40% of older Americans suffer from loneliness, a condition that is as dangerous to physical health as smoking 15 cigarettes a day,

⁴ Statewide Strategic Framework for Expanding Housing Opportunities for People with Intellectual and Developmental Disabilities, State Council on Developmental Disabilities, September 2018.

⁵ Fair Market Rent is provided for zip code 95758, pulled from U.S. Department of Housing and Urban Development, 2020. <https://www.huduser.gov/portal/datasets/fmr.html>



increasing the risk of cardiovascular disease, diabetes, cancer and more⁶. Social distancing during the COVID-19 pandemic has put a further spotlight on the importance of diverse social connections, whether it be small talk with a cashier, chats with a neighbor at the mailbox, or celebrations with family and friends.

Cornerstone Village is specifically designed to address these critical needs through the careful attention to the physical design and ongoing programming. With the development of Cornerstone Village – Elk Grove, an underutilized property will become a community where people with I/DD, people have experienced homelessness and lower-income families will have a chance to live to their fullest potential.

⁶ Juliane Holt-Lundstad, *Public Policy & Aging Report*, Volume 27, Issue 4, 2017, Pages 127-130. <https://doi.org/10.1093/ppar/prx030>

Perspectives on the Importance of Living Independently

The target market for the 21 apartments set-aside for people with I/DD is adults who are 18 years or older and have the skills and supports to live in their own apartment. Intellectual and/or developmental disabilities include Down syndrome, autism spectrum disorder, fetal alcohol spectrum disorder, intellectual disability and others. They can be cognitive or physical impairments or some combination of both.

While the Cornerstone Village model explicitly creates a preference for people with I/DD, our residents should not be defined by their disability. The abilities, interests and needs of our residents will vary widely. Many are employed or volunteer in the community, and are looking for the right opportunity to live independently. Most will thrive when given the option to live on their own with the right level of self-directed supports.

"Well, one way I can be independent is cleaning your own apartment. I like cleaning my own apartment. Sometimes I do feel pretty proud of myself for doing my chores all on my own.

I also like to go out in the community. I like to go shopping for groceries. I like that I get to pick out my own groceries. I think my life is better because I get to live in an apartment by myself.

Living independent makes me feel good about myself because I do what I used to at home, but on my own."

-Katie Schupe



"To me living independently means that I clean, cook, do my laundry, and follow my schedule. I can kinda do it all on my own, but might need a little help. My community coach and roommate help me. I don't mind getting help.

I do my own decisions. I make my own goals, I choose what to eat for dinner, and I choose what I do with my free time.

Making my own decisions makes me kinda happy because it makes me feel like I could live all by myself someday. I want to live in an apartment all on my own but maybe get a little help. I think that living independently is a good thing."

- Marlea Joa





Site Characteristics

Address	9270 Bruceville Road
Parcel Size	3.2 acres The lot acreage excludes the land to be retained by Light of the Valley Church. A land subdivision for separate ownership is anticipated.
Apartments	84 total 42 1-bedroom 21 2-bedroom 21 3-bedroom
Density	26.25 per acre The max density allowed by the current zoning is 15 units per acre. As a 100% affordable development, State Density Bonus allows an 80% bonus density, which would be up to 27 units per acre.
Total Parking	157 spaces Residential: 97 (1.15 stall to dwelling unit ratio) Light of the Valley: 60
Community Space	4,349 square feet

Nearby Amenities & Public Transportation

Cornerstone Village – Elk Grove will be conveniently located near shopping and employment opportunities along Laguna Boulevard, including a retail center anchored by Target within 0.5 miles. The Harriet Eddy Middle School and Batey Park, which both offer space for outdoor recreation, are within 0.2 miles and 0.3 miles, respectively. For health needs, multiple medical providers near the intersection of Laguna and Big Horn Boulevard, including the Kaiser Permanente Elk Grove Medical Offices, are located within 0.8 miles.

The development is well served by public transit. It will be within 0.2 miles of the Laguna Boulevard and Bruceville Road intersection, where the E-Tran bus routes #19 and #113 have stops with hourly service throughout the week. The Community Integrated Work Program, which provides work and behavioral day programs, independent living supports and crisis intervention for people with developmental disabilities, is located 2.5 miles by bus. Residents receiving services through the Alta California Regional Center may also be eligible for transportation support.

Please refer to the amenity map provided in Section 14.



Description of Population Served

Cornerstone Village – Elk Grove will serve four primary household types:

- Families with children, which are expected to occupy the two- and three-bedroom unit types;
- Single adults or couples in the one- and two-bedroom types;
- Adults who have experienced homelessness (9 one-bedroom units set-aside); and
- Independent adults with intellectual and developmental disabilities (21 one-bedroom units set-aside).

Affordability

There are a total of 84 apartments proposed at Cornerstone Village – Elk Grove. The unit mix includes 42 one-bedroom units; 20 two-bedroom units; and 21 three-bedroom units, which would be restricted to a range of affordability from extremely low income and low-income households. There is one two-bedroom unit set aside for the property manager.

We have developed the following affordability matrix to address the needs in the Elk Grove community and to address the need for housing for homeless and formerly homeless, as well as households with developmental disabilities. The number of units by area median income is as follows:

20% AMI	9 units	10.7% of total units
25% AMI	12 units	14.3%
30% AMI	35 units	41.7%
50% AMI	12 units	14.3%
70% AMI	15 units	12.2%

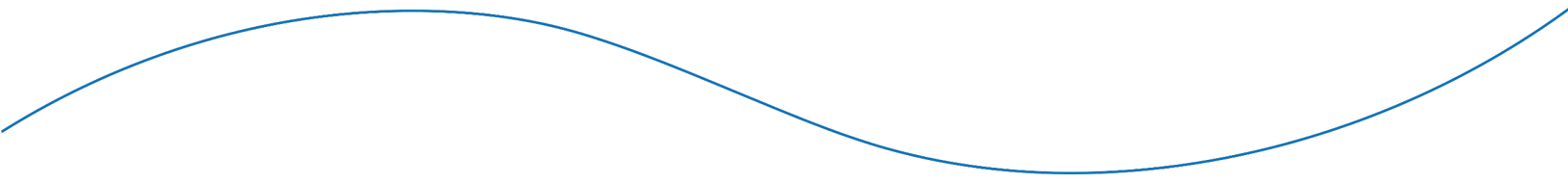
The 20% AMI units will be directed to serving households experiencing homelessness. The 25% and 30% AMI units will be directed to serving households with developmental disabilities. All of these units will be one-bedroom units.

With this income targeting, Cornerstone Village will provide:

- 56 apartments (66%) affordable to extremely low-income households (30% AMI or less) and
- 12 apartments (14.3%) affordable to very low-income households (31-50% AMI).

This results in an average affordability of 38.3%.

Additionally, the JSCo-Bethesda Development Team will be applying to SHRA for Section 8 Project-Based Vouchers for the homeless and developmental disability targeted units. A total of 30 units are proposed for the project, which is 36% of the total rentable units.



The unit rents detailed in the attached matrix were based on the rents by AMI published by SHRA, less the utility allowance from the schedule published by SHRA. Please refer to the complete Unit Mix chart provided on the next page.

UNIT MIX

PROJECT NAME: Cornerstone Village - Elk Grove

Unit Mix - Tax Credit Units

Unit Type	Income Restriction	Family Size	# of Units	Net Square Feet Per Unit	Total Square Feet	Gross	Utility Allowance	Net Rent	Net Rent -		Section 8	Section 8 Rent (if applicable)	Section 8 Increment	Section 8	Section 8
						Underwriting Rent			Annual Total	Increment - Monthly Total				Increment - Annual Total	
1 BD - PWD	25% AMI	1.5	12	678	8,136	425	50	375	4,500	54,000	Yes	1,461	1,036	12,432	149,184
1 BD - Homeless	20% AMI	1.5	9	678	6,102	425	50	375	3,375	40,500	Yes	1,461	1,036	9,324	111,888
1 BD - PWD	30% AMI	1.5	9	678	6,102	510	50	460	4,140	49,680	Yes	1,461	951	8,559	102,708
1 BD	30% AMI	1.5	7	678	4,746	510	50	460	3,220	38,640			0	0	0
1 BD	70% AMI	1.5	5	678	3,390	1,190	50	1,140	5,700	68,400			0	0	0
Total 1 BD			42		28,476				20,935	251,220	0	4,383	3,023	30,315	363,780
2 BD	30% AMI	3.0	10	923	9,230	612	69	543	5,430	65,160			0	0	0
2 BD	50% AMI	3.0	4	923	3,692	1,020	69	951	3,804	45,648			0	0	0
2 BD	70% AMI	3.0	6	923	5,538	1,428	69	1,359	8,154	97,848			0	0	0
Total 2 BD			20		18,460				17,388	208,656	0	0	0	0	0
3 BD	30% AMI	4.5	9	1,294	11,646	706	85	621	5,589	67,068			0	0	0
3 BD	50% AMI	4.5	8	1,294	10,352	1,178	85	1,093	8,744	104,928			0	0	0
3 BD	70% AMI	4.5	4	1,294	5,176	1,649	85	1,564	6,256	75,072			0	0	0
Total 3 BD			21		27,174				20,589	247,068	0	0	0	0	0
Subtotal - Income Restricted Units			83		74,110				58,912	706,944	0	4,383		30,315	363,780

Unit Mix - Manager's Units

2 BD	Unrestricted	1.5	1	772	772			0	0	0					
Subtotal Manager's Units			1		772										



Project Costs

Anticipated Total Project Costs	\$47,609,345
Total Number of Apartments	84
Total Cost Per Unit	\$573,607
Total Community Space	4,349 square feet

Notes on Construction Costs

- Brown Construction estimated construction costs for Cornerstone Village using recent pricing data pulled from similar projects, including subcontractor estimating for Coral Gables/Villa Jardin in April 2021.
- The costs assume prevailing wages.
- The project includes a three-story elevator building to increase the number of apartments that are fully accessible to people with mobility impairments, which adds cost for the install and operation of the elevator.
- Costs associated with redeveloping Light of the Valley's 0.87-acre portion of the property are excluded from the Cornerstone Village development budget.
- At this point in time, construction materials costs are particularly high as a result of the pandemic; supply chains and manufacturing have been disrupted while demand has not abated.
- We have incorporated a 3% cost escalation contingency to account for the volatile construction market.
- Brown Construction estimate is included in Section 14.

Cost Savings

JSCo and Bethesda propose to share cost savings with the City of Elk Grove in a percentage equal to the City's contribution to the total project financing.



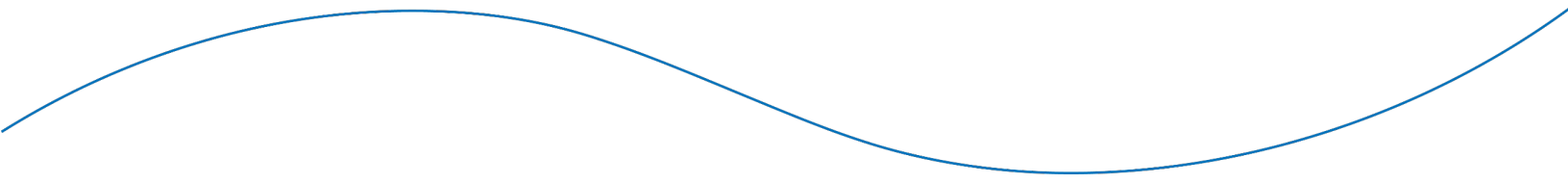
List of Special Features & Amenities

Cornerstone Village – Elk Grove will include a range of special building features and amenities.

- **Universal design.** The Development team will go beyond code minimums to incorporate features that allow people of all abilities to navigate and use the building with ease. Particular attention will be paid to the accessibility of ground floor units in the walk-up buildings. An elevator building (Building C) is being planned to expand the number of accessible units as well. A minimum of five percent (5%) of units will be fully accessible (ICC/ANSI A117.1 Type A) and 95% of the units will be adaptable (ICC/ANSI A117.1 Type B). Additional features may include roll-in showers, wide doorways, pocket doors, adjusted countertop heights, visual doorbells and alarms, and adjustable shelving, to name a few. We aim to gather this critical feedback during the public information sessions.
- **Common living room.** A multi-purpose room in Building C that will function as a communal living room. This space will be the hub of social life at Cornerstone Village. One end of the room will be set up as a shared “living room” with comfortable seating. The opposite end will feature a demonstration-style kitchen. The remaining furniture will be stackable to allow for flexible use of the space, ranging from game nights to craft clubs to potluck dinners. This space will be programmed with both Cornerstone-focused activities and Elk Grove-focused activities.
- **Flexible conference & club room.** During the weekdays, this space can be used as a quiet lounge for reading, crafts or working remotely. At night or during the weekends, the space will turn more social with coffee hours, parties and movie nights. This room can also be reserved for one-on-one or small group meetings hosted by residents or the resident life team.
- **An outdoor courtyard** that connects Building C with the Light of the Valley Church. The courtyard will be an outdoor social hub for the Cornerstone community.
- **Ample greenspace**, including wide courtyards separating the walk-up buildings and a playground.
- **Staff offices** for on-sight management and resident life team members.

Cornerstone Village is built to be an inclusive, supportive community. People will come to Cornerstone Village to experience and celebrate the differences in others – from backgrounds to ages, from abilities to economics. In the multiple common spaces listed above, Bethesda’s Resident Life Director will focus on creating opportunities for residents to build relationships.

Bethesda envisions programming in four somewhat overlapping categories: social, mind, body and spirit. Example activities for each of the categories include:

- 
- **Social (Gathering).** Board game night, Wii contests, card games, “swap” meets, recipe sharing, pot-luck dinners, arts and crafts, coffee hours, moving nights.
 - **Mind (Learning).** Cooking classes, painting classes, safety and defense, finance, field trips, volunteering, gardening, computer classes, book clubs.
 - **Body (Fitness).** Dance parties/classes, exercise classes, nature walks, morning walks, farmer’s market visits, bike rides.
 - **Spirit (Wellness).** Bible studies, Sunday morning worship, prayer nights, holiday parties, summer barbeques, pet day, meet & greet parties, holiday celebrations, group discussions.

Not all programming needs to be of interest to everyone, as that would be practically impossible with a diverse group of residents. The key is to make sure the activities and gatherings are *inclusive of* and *accessible to* everyone to the greatest extent possible.

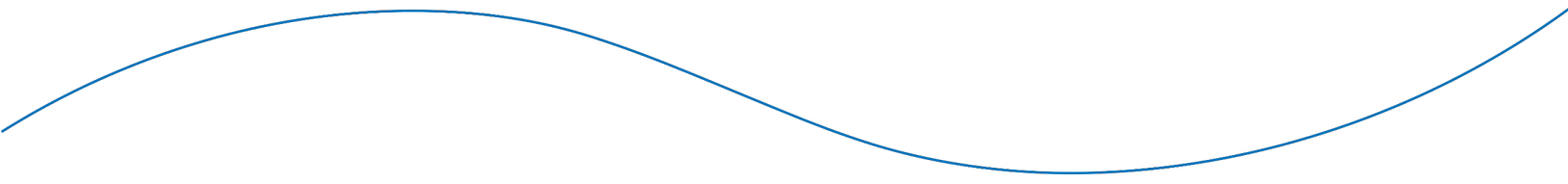
In addition, the development of Cornerstone Village also presents an opportunity for Light of the Valley Church to expand their community outreach. Light of the Valley currently houses a Meals on Wheels warming center. The community room in Building C and the outdoor courtyard would be a natural space for Meals on Wheels to hold community dinners. Please see Section 14 for Light of the Valley’s letter of support.

Conceptual Plans

The proposed development for 9270 Bruceville is an 84-unit, multi-family apartment community. The entire site is approximately 4 acres. Light of the Valley Church, which currently owns the entire site, will retain its main building and the tower on 0.87 acres of land. The remaining 3.22 acres will be developed for multifamily housing. One of the goals of this development is to integrate the church and residential project into a campus where the uses complement one another.



Conceptual Site Plan for Cornerstone Village - Elk Grove



The development consists of several three-story buildings. Since the adjacent context is lower density, the proposed development consists of several small-scale buildings rather than one or two larger buildings. Each building has covered parking, 10 dwelling units, and is three stories high. The tuck-under parking provides visual screening of the parking. The new, three-story apartment buildings are set back over 50 feet from the existing single story residential to the west. A mixed-use building, which lies between the existing church and Bruceville Road, will have ground floor community spaces with dwelling units above.

The site design unifies the existing church building and new buildings into a single community. Automobile circulation is pushed to the perimeter of the site to allow for the three-story buildings to be property set back from the adjacent single-story buildings to the northwest, and to allow the internal site circulation to be pedestrian focused. The buildings create central courtyard spaces to allow for community functions, and neighbors to interact.

The landscaping will complement the building and overall site design. Where possible, existing, large trees are retained along the perimeter of the site. The low impact development (LID) and storm water features are spread throughout the site and integrated into the landscaping.

The new buildings will have an exterior stair to access the second and third level units. The buildings address their immediate surroundings as all elevations are presented with the same mix and use of materials and design. Most units have private open space in the form of a balcony or a ground level porch. The new apartment buildings will be detailed with a residential theme, likely using fiber cement and/or stucco exterior.

The mixed use, community building adjacent to the church has civic purposes on the ground floor, yet uses the same materials and details as the apartments. It will be visible from Bruceville Road as a visual cue for the community and a clear point of entry for persons visiting the site.

Please see Section 14 for the conceptual site plan, unit plans and representative images of the exterior elevations. The project is still in the conceptual phase, and we wish to engage local stakeholders before proposing an exterior design.

Feasibility Information and Studies

Please see Section 14 for the following feasibility documentation and studies:

- Raney Rental Survey
- PSI-Intertek Preliminary Environmental Evaluation

Proposal Evaluation – Bonus Points

Unit Affordability Adjustments

The JSCo-Bethesda Development Team commits to performing annual income recertifications and adjusting unit affordability accordingly. The Development Team understands this would mean that a household initially living in a 30% AMI unit and whose household income rises to 50% AMI would have their rent adjusted to the 50% AMI level, and the next available unit would be made available to a household earning 30% AMI.

Further, the JSCo-Bethesda Development Team commits to placing tenant-based Housing Choice Voucher (HCV or Section 8) holders into units with the highest income level (generally 60% units), when such units are available, and, when such units are not available, adjusting unit affordability as soon as possible.

Commitment to Addressing Homelessness

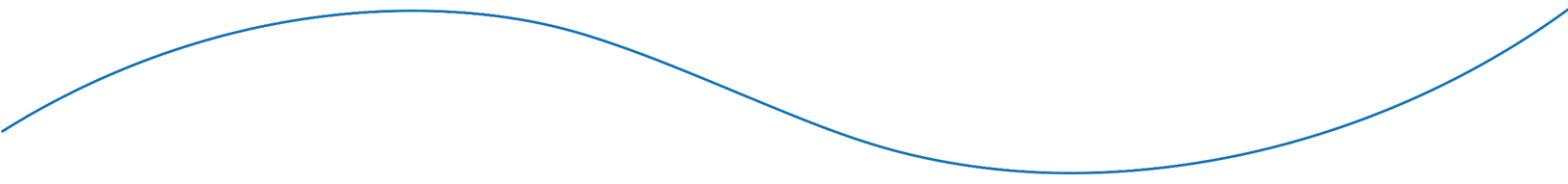
The JSCo-Bethesda Development Team commits to working with the City to address homelessness, including implementing a policy that moves Elk Grove households experiencing homelessness to the top of the waitlist for any vacant unit for which they are qualified.

Cornerstone Village – Elk Grove will set-aside 9 units (10%) for households that have experienced homelessness and are referred through the homeless coordinated entry system.

Maximizing Funding Sources

The JSCo-Bethesda Development Team is seeking multiple funding sources in addition to the City of Elk Grove financing and the tax-exempt bond/ 4% LIHTC financing, as follows:

- Multifamily Housing Program (MHP) loan – California Department of Housing and Community Development
 - \$15,000,000 (\$178,571 per unit)
 - Expected timing: application December 2021; award May 2022
- Sacramento Housing & Redevelopment Authority (SHRA) loan
 - \$1,933,390 (\$23,017 per unit)
 - Expected timing: application October 2021; award February 2022
- Community Placement Program capital dollars – California Department of Developmental Services
 - \$2,100,000 (\$100,000 per unit reserved for people with I/DD)
 - Expected timing: application November 2021; award February 2022

- 
- Affordable Housing Program (AHP) loan – Federal Home Loan Bank of San Francisco
 - \$840,000 (\$10,000 per unit)
 - Expected timing: application March 2023; award June 2023

The above subordinate sources of financing total \$19,873,390 or \$236,588 per unit.

The request for City financial assistance is \$2,936,000 or \$34,952 per unit.

Bonus – Innovation in Project Design

As highlighted above, Cornerstone Village – Elk Grove aims to creatively meet multiple needs in the City of Elk Grove.

First, the development will set-aside 35% of its apartments as permanent, supportive housing. Nine units (10% of the total) are reserved for households that have experienced homelessness. Twenty-one units (25% of the total) are reserved for independent adults with intellectual and developmental disabilities. These deeply affordable units will have rents set at 20%, 25% and 30% of the Area Median Income. We will apply to SHRA for project-based rental assistance to ensure these residents pay no more than 30% of their income toward rent.

Second, the development will be repurposing an underutilized property in a previously developed section of Elk Grove. The site is currently served by existing municipal infrastructure, which will lead to lower site improvement costs relative to a site on the periphery. The site's location also means residents will be in walking distance to many amenities and have easy access to public transportation. Since the cost of transportation is a significant factor in overall affordability, the location of Cornerstone Village by itself will keep living expenses lower.

Third, JSCo and Bethesda Cornerstone Village, in collaboration with the Light of the Valley Church, aim to create a lively residential complex that will be an asset to the broader Elk Grove community. This will be achieved through thoughtful physical design and ongoing programming. The site design unifies the existing church building and new buildings into a single campus. Cars are pushed to the perimeter to maximize green and communal outdoor spaces. The design incorporates ample indoor spaces, including the common space in Building C and the church existing building, that will be available for community functions. Bethesda and Light of the Valley will activate these common spaces for residents and the broader neighborhood through community-focused activities, ranging from fitness groups to Meals on Wheels events to neighborhood birthday parties.

Cornerstone Village will be an inclusive, deeply affordable and connected residential campus in the heart of Elk Grove.

Site Control Evidence and Valuation

Bethesda Cornerstone Village and Light of the Valley Church entered into a Purchase and Sale Agreement (the "PSA") on May 27, 2020. The PSA contemplates Bethesda Cornerstone Village purchasing the entire 4.09 acres for \$2,440,000 and removing all buildings except for the tower near Bruceville Road.

As the design process has progressed, Bethesda and Light of the Valley Church agreed it would be advantageous for Light of the Valley to retain the worship hall. The parcel will be subdivided into two distinct legal parcels to allow Light of the Valley to own the worship hall, parking on the south end of the site (parcel 1 shaded in blue) and the tower (parcel 2 shaded in red). The land to be purchased for Cornerstone Village is approximately 3.22 acres.



The \$1,910,000 land acquisition price reflected in the development budget is a proration of the Improved "As Is" values from the April 2020 appraisal.

Appraisal Improved "As is"	Acres	SF	Value	Value per SF
Church & School Portion	2.34	101,930	1,640,000	16.09
Excess Land Portion	1.75	76,230	1,040,000	13.64
Total	4.09	178,160	2,680,000	

Prorated Improved "As Is"	Acres	SF	Value	Value per SF
Church Portion	0.79	34,249	551,046	16.09
Cell Tower	0.09	3,843	52,419	13.64
Excess Land Portion (Cornerstone Village)	3.22	140,068	1,910,937	13.64
Total	4.09	178,160	2,514,402	

Note that costs associated with the church (parcels 1 and 2) are carried by the church in a separate budget from Cornerstone Village.

Please see Section 14 for the PSA and appraisal.

Project Timeline

MILESTONE	START	COMPLETE	NOTES
Obtain Site Control	May-20	May-20	2/14/22 closing deadline with extension
Select Contractor	Apr-21	Apr-21	COMPLETED
Conceptual Design	Feb-21	May-21	COMPLETED
Complete Detailed Cost Estimate	Apr-21	May-21	COMPLETED
City of Elk Grove Funding Application	May-21	May-21	
City of Elk Grove Funding Awarded	May-21	Aug-21	
SHRA Pre-Application Submittal	Aug-21	Aug-21	
SHRA PBV Application Submitted	Aug-21	Aug-21	Estimated; Project Based Vouchers
Complete Environmental Review/Phase I	Jul-21	Oct-21	3 months assumed
Schematic Design	Jul-21	Oct-21	3 months assumed
SHRA Full Application Submitted	Aug-21	Oct-21	
SHRA PBVs Awarded	Oct-21	Oct-21	Estimated
Submit Planning/Entitlement Application	Oct-21	Oct-21	Requires completion of schematic design submit through Alta California Regional Center
CA DDS Capital Funding Application	Nov-21	Nov-21	
NEPA	Jun-21	Dec-21	
Design Development	Oct-21	Dec-21	2 months assumed
Select Lender	Oct-21	Jan-22	
Select Tax Credit Investor	Oct-21	Jan-22	
SHRA Funding Awarded	Oct-21	Feb-22	
NEPA	Oct-21	Feb-22	
Planning/Entitlement Approval	Nov-21	Feb-22	3 months assumed
CA DDS Capital Funding Awarded	Nov-21	Feb-22	
Construction Documents	Dec-21	Feb-22	2 months assumed
MHP Financing Application	Dec-21	Feb-22	Requires local funding commitments
TEFRA - SHRA	Feb-22	Feb-22	SHRA requires TEFRA if they fund a project
Submit Plans for Plan Check/Permits	Apr-22	Apr-22	Requires CD completion
MHP Funding Awarded	Feb-22	May-22	
TCAC/CDLAC Financing Application	May-22	May-22	Requires Readiness to Proceed within 180 days
TCAC/CDLAC Award	May-22	Aug-22	
Building Permits Secured	Apr-22	Aug-22	4 months assumed and requires CDs
GC Contract Final	Apr-22	Sep-22	Requires 100% CDs and bids
Construction Financing Close	May-22	Oct-22	Must close by November 2022
Pull Permits and Pay Impact Fees	Aug-22	Oct-22	Pay immediately prior or at closing
Secure AHP Financing	Mar-23	Jun-23	Secure prior to perm financing conversion
Construction	Oct-22	Feb-24	16 months assumed
Lease-Up	Nov-23	Jun-24	7 months (start 3 months before completion)
Perm Loan Conversion	Jun-24	Oct-24	Allow 3 months for stabilization
8609	Oct-24	Apr-25	Assume 6 months for TCAC process



Zoning and Entitlements

The project as conceptualized fits within the current zoning of the site, which is as follows.

- RD-15 allows for 15 units/acre
- State Density Bonuses allow for an 80% increase in density for developments targeted to lower-income households, which are at/below 80% of the Area Median Income
- A height limit of 35 feet and three-story buildings are allowed
- Setbacks are determined through a design review process

Based on the existing zoning, and our initial meeting with City of Elk Grove planning staff, we believe the project conforms to the existing zoning and that no zoning changes will be required. Additionally, based on our initial analysis, we believe that this project is a good candidate for SB-35, which allows for a streamlined entitlement process. Thus, we anticipate that CEQA will not be required for this project and that entitlements will be granted 90 days after submittal of our entitlement request, per the requirements of the legislation.

While CEQA is not required, we do plan, and have built into the schedule, the NEPA approval process, as we intend to secure Project Based Vouchers (PBVs) from the Sacramento Housing and Redevelopment Authority (SHRA), which triggers NEPA. The John Stewart Company (JSCo) has been successful in securing PBVs from SHRA and NEPA clearance on two recent Sacramento region projects including Coral Gables/Villa Jardin and the Shasta Hotel.

JSCo has successfully worked on multiple projects utilizing the density bonus and SB-35 streaming process including our Coral Gables/Villa Jardin project in Sacramento, which is slated to break ground in October 2021 and our Cannery at Railroad Square project in Santa Rosa, which will break ground in 2022. That said, if for some reason the entitlement and environmental review process should prove more challenging than anticipated, JSCo and Bethesda brings deep experience and a proven ability to resolve and persevere through the myriad of challenges that might arise in order to ensure the project entitled and to ground breaking. While we do not anticipate this at the Cornerstone Village – Elk Grove project as we have intentionally designed it for streamlining and efficiency, the City of Elk Grove should have confidence that the team has the capability to overcome any hurdle.

Project Name: Cornerstone Village - Elk Grove

Name of Lender/Source	Term (months)	Amort. Term (months)	Interest Rate	Payment Type	Lien Position	Annual Debt Service (residential)	Annual Debt Service (commercial)	Amount of Funds
1) Bank Loan	204	420	4.660%	Residual	1	\$330,442		\$5,699,000
2) HCD MHP	660	NA	3.000%	Residual	2	\$63,000		\$15,000,000
3) SHRA	660	NA	3.000%	Deferred	3			\$1,933,390
4) City of Elk Grove	660	NA	4.000%	Residual	4			\$2,936,000
5) DDS Multifamily	660	NA	3.000%	Other	5			\$2,100,000
6) AHP	660	NA	0.000%	Other	6			\$840,000
7) GP Capital	NA	NA	0.000%	Residual	NA			\$100
8) Contributed Developer Fee	NA	NA	NA	(select)	NA			\$2,346,741
Total Permanent Financing:								\$30,855,231
Total Tax Credit Equity:								\$16,754,114
Total Sources of Project Funds:								\$47,609,345

1) Lender/Source: Bank Loan - No lender identified as yet
 Street Address:
 City:
 Contact Name:
 Phone Number:
 Type of Financing: Conventional first mortgage
 Is the Lender/Source Committed? No

2) Lender/Source: HCD MHP
 Street Address: 2020 West El Camino Ave Suite 150
 City: Sacramento, CA 95833
 Contact Name: Jennifer Seeger
 Phone Number: (916) 263-2771
 Type of Financing: Residual Receipts Loan
 Is the Lender/Source Committed? No

3) Lender/Source: SHRA
 Street Address: 801 12th Street
 City: Sacramento, CA 95814
 Contact Name: Christine Weichert, Director
 Phone Number: (916) 440-1353
 Type of Financing: Residual Receipts Loan
 Is the Lender/Source Committed? No

4) Lender/Source: City of Elk Grove
 Street Address: 8401 Laguna Palms Way
 City: Elk Grove, CA 95758
 Contact Name: Kimberly Spears
 Phone Number: (916) 683-7111
 Type of Financing: Residual Receipts Loan
 Is the Lender/Source Committed? No

5) Lender/Source: State of CA Dept. of Developmental Services
 Street Address: 1600 9th Street
 City: Sacramento, CA 95814
 Contact Name: Nancy Bargmann
 Phone Number: (916) 654-2292
 Type of Financing: Residual Receipts Loan
 Is the Lender/Source Committed? No

6) Lender/Source: AHP - No Sponsor Bank selected yet
 Street Address:
 City:
 Contact Name:
 Phone Number:
 Type of Financing:
 Is the Lender/Source Committed? No

1) Lender/Source: GP Capital
 Street Address: 1388 Sutter Street
 City: San Francisco, CA
 Contact Name: Margaret Miller
 Phone Number: (415) 345-4400
 Type of Financing: Equity
 Is the Lender/Source Committed? Yes

2) Lender/Source: Enterprise Housing Credit Investments
 Street Address: 70 Corporate Center/11000 Broken Lnd Pkwy
 City: Columbia, MD 21004
 Contact Name: Philip Porter
 Phone Number: (410) 772-2594
 Type of Financing: Tax Credit Equity - 4% tax credits
 Is the Lender/Source Committed? No

Attachment 8b Uses

PROJECT NAME:

Cornerstone Village - Elk Grove

	ASSUMPTIONS	TOTAL	NON-			
			DEPRECIABLE	RESIDENTIAL	AMORTIZED	EXPENSED
			100%			
ACQUISITION COSTS						
Land Purchase	100%	1,910,000	1,910,000			
Title & Recording		15,000	15,000	0		
Other: Transfer Tax	6.1%	0	0			
Total Acquisition Costs		1,925,000	1,925,000	0	0	0
DEVELOPMENT COSTS						
RESIDENTIAL HARD CONSTRUCTION						
Residential Construction		25,366,815		25,366,815		
General Conditions		1,311,002		1,311,002		
Taxes & Insurance		543,243		543,243		
GC Bond		148,471		148,471		
GC Contingency		761,004		761,004		
GC Fee		1,368,477		1,368,477		
Escalation Contingency	5.00%	1,478,671		1,478,671		
Design Contingency	3.25%	1,005,975		1,005,975		
Subtotal Residential Hard Construction		31,983,658	0	31,983,658	0	0
CONSTRUCTION CONTINGENCY						
Hard Cost Contingency	5%	1,599,183		1,599,183		
Subtotal Construction Contingency		1,599,183	0	1,599,183	0	0
DESIGN/ENGINEERING/ENVIRONMENTAL						
Architect	3.50%	1,175,399		1,175,399		
Engineering	2.00%	671,657		671,657		
Soils/Geo-Tech		25,000		25,000		
Energy Consultant		55,000		55,000		
Phase 1/Phase 2 Reports/LBP & OCM Reports		50,000		50,000		
CEQA/NEPA Environmental Review		25,000		25,000		
Other Environmental Consultants		50,000		50,000		
Construction Management		75,000		75,000		
Preconstruction		25,000		25,000		
Construction Testing/Special Inspections		50,000		50,000		
Survey		15,000		15,000		
Subtotal Design/Engineering/Environmental		2,217,056	0	2,217,056	0	0
FEES & PERMITS						
Building Permits	2.00%	671,657		671,657		
Planning Fees		100,000		100,000		
Utility Connection Fees		75,000		75,000		
Transfer Tax		0		0		
Local Dev. Impact Fees		250,000		250,000		
Subtotal Fees & Permits		1,096,657	0	1,096,657	0	0
CONSTRUCTION PERIOD COSTS						
Insurance, Builder's Risk		200,000		200,000		
Insurance, General Liability		50,000		50,000		
Real Estate Taxes Due During Construction		7,500		7,500		
Subtotal Construction Period Costs		257,500	0	257,500	0	0
CONSTRUCTION FINANCING						
Origination Fee	1.00%	245,000		245,000		
City Loan Fee	0.00%	0		0		0
Construction Loan Interest	3.61%	1,124,931		903,818		221,113
Construction Loan Interest - Taxable Tail	4.11%	176,394		96,334		80,059
Construction Lender Legal		65,000		65,000		
Construction Lender Fees		25,000		25,000		
Appraisal		10,000		10,000		
Title & Recording		30,000		30,000		
Subtotal Construction Financing		1,676,324	0	1,375,152	0	301,172

PROJECT NAME:

Cornerstone Village - Elk Grove

ASSUMPTIONS	TOTAL	NON-			
		DEPRECIABLE	RESIDENTIAL	AMORTIZED	EXPENSED
		100%			
COST OF ISSUANCE					
Bond Counsel	70,000			70,000	
Issuer Financial Advisor	35,000			35,000	
Trustee Fees	7,000			7,000	
Issuer Fees	0.50%	122,500		122,500	
Issuer Counsel	15,000			15,000	
Other:	0			0	
Subtotal Cost of Issuance	249,500	0	0	249,500	0
PERMANENT FINANCING COSTS					
Origination Fee	1.00%	56,990		56,990	
Lender Fees		25,000		25,000	
Lender Legal		35,000		35,000	
Title & Recording		15,000		15,000	
Subtotal Permanent Financing Costs	131,990	0	0	131,990	0
OTHER FEES					
Tax Credit Fees		35,238		35,238	
Tax-Exempt Bond Fees		11,575		11,575	
Subtotal Other Fees	46,813	0	0	46,813	0
OTHER SOFT COSTS					
Cost Certification		30,000			30,000
Accounting		15,000			15,000
Financial/Development Consultant		75,000	75,000		
Legal, Organization		20,000		20,000	
Legal, Construction Loan Closing		50,000	50,000		
Legal, Permanent Loan Closing		25,000		25,000	
Legal, Syndication		50,000			50,000
Legal, Investor		60,000	60,000		
FF&E by Owner		150,000	150,000		
Market Study		7,500			7,500
Marketing Rent-Up		147,000		147,000	
Soft cost contingency	5.00%	212,376		212,376	0
Subtotal Other Soft Costs	841,876	60,000	487,376	192,000	102,500
DEVELOPER FEE					
Developer Fee - Capitalized		2,500,000		2,500,000	
Developer Fee - Contributed		2,346,741		2,346,741	
Subtotal Developer Fee	4,846,741	0	4,846,741	0	0
CAPITALIZED RESERVES					
Replacement Reserve	-	0	0		
Operating Reserve (mos)	6	239,860	239,860		
Debt Service Reserve (mos)	6	166,065	166,065		
Transition Reserve		331,122		331,122	
Subtotal Capitalized Reserves	737,047	737,047	0	0	0
SUBTOTAL DEVELOPMENT COSTS	45,684,345	797,047	43,863,324	620,303	403,672
TOTAL DEVELOPMENT COSTS	47,609,345	2,722,047	43,863,324	620,303	403,672

Elk Grove - 8c Sources and Uses

5/19/2021

Attachment 8c - Permanent Sources by Uses

Project Name: Cornerstone Village - Elk Grove

USES	TOTAL	PERMANENT SOURCES										
		Permanent 1st Mortgage	HCD MHP Loan	City of Elk Grove AHP Loan	SHRA Loan	DDS Multifamily Loan	AHP	Deferred Developer Fee	Contributed Developer Fee	GP Capital	Tax Credit Equity - State	Tax Credit Equity - Federal
ACQUISITION COSTS												
Land Purchase	1,910,000				1,910,000							
Title & Recording	15,000				15,000							
Other: Transfer Tax	0											
Subtotal Acquisition Costs	1,925,000	-	-	-	1,925,000	-	-	-	-	-	-	-
DEVELOPMENT COSTS												
	0											
RESIDENTIAL HARD CONSTRUCTION												
Residential Construction	25,366,815	5,699,000	15,000,000			2,100,000	840,000					1,727,815
General Conditions	1,311,002											1,311,002
Taxes & Insurance	543,243											543,243
GC Bond	148,471											148,471
GC Contingency	761,004											761,004
GC Fee	1,368,477											1,368,477
Escalation Contingency	1,478,671											1,478,671
Design Contingency	1,005,975											1,005,975
Subtotal Hard Construction	31,983,658	5,699,000	15,000,000	-	-	2,100,000	840,000	-	-	-	-	8,344,658
CONSTRUCTION CONTINGENCY												
Hard Cost Contingency	1,599,183											1,599,183
Subtotal Hard Cost Contingency	1,599,183	-	-	-	-	-	-	-	-	-	-	1,599,183
DESIGN/ENGINEERING/ENVIRONMENTAL												
Architect	1,175,399			1,175,299						100		
Engineering	671,657			671,657								
Soils/Geo-Tech	25,000			25,000								
Energy Consultant	55,000			55,000								
Phase 1/Phase 2 Reports/LBP & OCM Reports	50,000			50,000								
CEQA/NEPA Environmental Review	25,000			25,000								
Other Environmental Consultants	50,000			50,000								
Construction Management	75,000			75,000								
Preconstruction	25,000			25,000								
Construction Testing/Special Inspections	50,000			50,000								
Survey	15,000			15,000								
Subtotal Design/Engineering/Environmental	2,217,056	-	-	2,216,956	-	-	-	-	-	100	-	-

Elk Grove - 8c Sources and Uses

5/19/2021

Attachment 8c - Permanent Sources by Uses

Project Name: Cornerstone Village - Elk Grove

USES	TOTAL	PERMANENT SOURCES										
		Permanent 1st Mortgage	HCD MHP Loan	City of Elk Grove AHP Loan	SHRA Loan	DDS Multifamily Loan	AHP	Deferred Developer Fee	Contributed Developer Fee	GP Capital	Tax Credit Equity - State	Tax Credit Equity - Federal
FEES & PERMITS												
Building Permits	671,657			671,657								-
Planning Fees	100,000			47,387								52,613
Utility Connection Fees	75,000											75,000
Local Dev. Impact Fees	250,000											250,000
Subtotal Fees & Permits	1,096,657	-	-	719,044	-	-	-	-	-	-	-	377,613
CONSTRUCTION PERIOD COSTS												
Insurance, Builder's Risk	200,000											200,000
Insurance, General Liability	50,000											50,000
Real Estate Taxes Due During Construction	7,500											7,500
Subtotal Construction Financing	257,500	-	-	-	-	-	-	-	-	-	-	257,500
CONSTRUCTION FINANCING												
Origination Fee	245,000											245,000
Construction Loan Interest	1,124,931											1,124,931
Construction Loan Interest - Taxable Tail	176,394											176,394
Construction Lender Legal	65,000											65,000
Construction Lender Fees	25,000											25,000
Appraisal	10,000											10,000
Title & Recording	30,000											30,000
Subtotal Cost of Issuance	1,676,324	-	-	-	-	-	-	-	-	-	-	1,676,324
COST OF ISSUANCE												
Bond Counsel	70,000											70,000
Issuer Financial Advisor	35,000											35,000
Trustee Fees	7,000											7,000
Issuer Fees	122,500											122,500
Issuer Counsel	15,000				8,390							6,610
Subtotal Cost of Issuance	249,500	-	-	-	8,390	-	-	-	-	-	-	241,110
PERMANENT FINANCING COSTS												
Origination Fee	56,990											56,990
Lender Fees	25,000											25,000
Lender Legal	35,000											35,000
Title & Recording	15,000											15,000
Subtotal Permanent Financing Costs	131,990	-	-	-	-	-	-	-	-	-	-	131,990
OTHER FEES												
Tax Credit Fees	35,238											35,238
Tax-Exempt Bond Fees	11,575											11,575
Subtotal Other Fees	46,813	-	-	-	-	-	-	-	-	-	-	46,813

Elk Grove - 8c Sources and Uses

5/19/2021

Attachment 8c - Permanent Sources by Uses

Project Name: Cornerstone Village - Elk Grove

USES	TOTAL	PERMANENT SOURCES										
		Permanent 1st Mortgage	HCD MHP Loan	City of Elk Grove AHP Loan	SHRA Loan	DDS Multifamily Loan	AHP	Deferred Developer Fee	Contributed Developer Fee	GP Capital	Tax Credit Equity - State	Tax Credit Equity - Federal
OTHER SOFT COSTS												
Cost Certification	30,000											30,000
Accounting	15,000											15,000
Financial/Development Consultant	75,000											75,000
Legal, Organization	20,000											20,000
Legal, Construction Loan Closing	50,000											50,000
Legal, Permanent Loan Closing	25,000											25,000
Legal, Syndication	50,000											50,000
Legal, Investor	60,000											60,000
FF&E by Owner	150,000											150,000
Market Study	7,500											7,500
Marketing Rent-Up	147,000											147,000
Soft cost contingency	212,376											212,376
Subtotal Other Soft Costs	841,876	-	-	-	-	-	-	-	-	-	-	841,876
DEVELOPER FEE												
Developer Fee - Capitalized	2,500,000											2,500,000
Developer Fee - Contributed	2,346,741								2,346,741			
Subtotal Developer Fee	4,846,741	-	-	-	-	-	-	-	2,346,741	-	-	2,500,000
CAPITALIZED RESERVES												
Operating Reserve (mos)	239,860											239,860
Debt Service Reserve (mos)	166,065											166,065
Transition Reserve	331,122											331,122
Subtotal Capitalized Reserves	737,047	-	-	-	-	-	-	-	-	-	-	737,047
SUBTOTAL DEVELOPMENT COSTS	45,684,345	5,699,000	15,000,000	2,936,000	8,390	2,100,000	840,000	0	2,346,741	100	0	16,754,114
TOTAL DEVELOPMENT COSTS	47,609,345	5,699,000	15,000,000	2,936,000	1,933,390	2,100,000	840,000	0	2,346,741	100	0	16,754,114



Operating Proforma

Below is the 15-year operating proforma. Please note that the analyses include the following key underwriting assumptions:

1. All income is trended at 2% per year (tenant payments and Rental Assistance Payments)
2. Vacancy is assumed at 5%
3. Operating expenses are trended at 3% per year
4. Real Estate Tax /Assessments are trended at 1.5% per year
5. Replacement reserves are budgeted at \$500 per unit per year with no annual increases
6. Debt assumptions include:
 - a. HCD MHP mandatory payment of 0.42%
 - b. Fully amortized debt from a bank who has privately placed the tax-exempt bond in the amount of \$6,074,000 at 4.66% amortized over 35 years
 - c. Debt Service Coverage on the permanent bank held debt of no less than 1.15
7. General Partner, and Limited Partner annual asset management fees
8. SHRA annual admin fee of \$25,000
9. Payments of deferred developer fee senior to all other residual receipt's distributions
10. Residual receipts distribution of 50% to sponsor
11. Residual receipts distributions split among the public lenders equally

Attachment 9 - Operating Pro Forma

PROJECT NAME: Cornerstone Village - Elk Grove

Completed Project Year Calendar Year			<u>1</u> <u>2024</u>	<u>2</u> <u>2025</u>	<u>3</u> <u>2026</u>	<u>4</u> <u>2027</u>	<u>5</u> <u>2028</u>	<u>6</u> <u>2029</u>	<u>7</u> <u>2030</u>
INCOME									
Tax Credit Rental Income	Factor	Trending	706,944	721,083	735,505	750,215	765,219	780,523	796,134
Vacancy	50%	2.00%	(35,347)	(36,054)	(36,775)	(37,511)	(38,261)	(39,026)	(39,807)
Other Rental/Operating Subsidy	50%	2.00%	363,780	371,056	378,477	386,046	393,767	401,643	409,675
Vacancy	5.00%		(18,189)	(18,553)	(18,924)	(19,302)	(19,688)	(20,082)	(20,484)
Laundry & Misc.		2.00%	16,800	17,136	17,479	17,828	18,185	18,549	18,920
EGI			1,033,988	1,054,667	1,075,761	1,097,276	1,119,222	1,141,606	1,164,438
EXPENSES									
Operations	6,179	3.00%	519,024	534,595	550,633	567,152	584,166	601,691	619,742
RE Taxes	59	1.50%	4,956	5,105	5,181	5,259	5,338	5,418	5,499
SHRA Annual Admin. Fee	0.125%		25,000	25,000	25,000	25,000	25,000	25,000	25,000
HCD Mandatory Payment	15,000,000	0.42%	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Replacement Reserves	500	0.00%	42,000	42,000	42,000	42,000	42,000	42,000	42,000
subtotal	15,006,738		653,980	669,699	685,814	702,411	719,504	737,109	755,241
NOI			380,008	384,968	389,947	394,866	399,718	404,497	409,197
REQUIRED DEBT SERVICE									
Permanent 1st Mortgage	Principal	Interest	Term	DCR					
	5,699,000	4.66%	35	1.15	330,442	330,460	330,460	330,460	330,460
Permanent 2nd Mortgage	0				330,442	330,460	330,460	330,460	330,460
subtotal					330,442	330,460	330,460	330,460	330,460
DCR					1.15	1.16	1.18	1.19	1.21
NET CASH FLOW					49,566	54,508	59,487	64,405	69,258
	Debt-Service Test	25%	13.31%	14.63%	15.97%	17.29%	18.59%	19.88%	21.14%
	Percent of Gross Revenue Test	8%	4.56%	4.91%	5.26%	5.58%	5.88%	6.17%	6.43%
REQUIRED CASH FLOW PAYMENTS									
LP Asset Management Fee	7,000	3.0%	7,000	7,210	7,426	7,649	7,879	8,115	8,358
GP Partnership Mgmt. Fee	25,000	3.0%	25,000	25,750	26,523	27,318	28,138	28,982	29,851
Deferred Developer Fee									
Other:			0	0	0	0	0	0	0
			32,000	32,960	33,949	34,967	36,016	37,097	38,210
RESIDUAL RECEIPTS CASH FLOW PAYMENTS									
Borrower	Res. Rec. Share								
	50%			10,774	12,769	14,719	16,621	18,470	20,263
HCD MHP Loan	12.50%			2,693	3,192	3,680	4,155	4,618	5,066
City of Elk Grove AHP Loan	12.50%			2,693	3,192	3,680	4,155	4,618	5,066
SHRA Loan	12.50%			2,693	3,192	3,680	4,155	4,618	5,066
DDS Multifamily Loan	12.50%			2,693	3,192	3,680	4,155	4,618	5,066
				0	0	0	0	0	0
				21,548	25,538	29,438	33,241	36,940	40,527
CASH FLOW			17,566	0	0	0	0	0	0
GP Share	1.0%		0	0	0	0	0	0	0
LP Share	99.0%		0	0	0	0	0	0	0



Low-Income Housing Tax Credit Competitiveness

While the Cornerstone Village – Elk Grove project will not be pursuing 9% Low Income Housing Tax Credits, we did feel it appropriate to comment on our competitiveness for a tax-exempt bond and 4% low income allocation, and the State of California Department of Housing and Community Development Multifamily Housing Program (MHP). Both programs are incredibly competitive given the demand that far surpasses the available supply.

The John Stewart Company (JSCo) has secured over 25 tax-exempt bond/4% low income housing tax credit allocations and four MHP awards throughout its history and is incredibly well versed in how to best position a project to secure these scarce resources. JSCo was recently awarded a tax exempt bond/4% low income housing tax credit allocation and a MHP award on its Villa Jardin/Coral Gables project (which is very similar in nature to the Cornerstone Village – Elk Grove project) in what turned out to be the most competitive allocation rounds in many years.

In partnership with Bethesda and Devine & Gong, Inc., who also both have extensive experience securing a wide variety of financing sources, JSCo has structured the project with local funding sources that will allow for maximum leveraging points, targeted units to very low income households (with average affordability at 38.31% AMI), and designated a number of the units towards a special needs population – all of which will allow the project to secure maximum points and achieve the high tie breaker score required to secure this critical financing.



Conflict of Interest Statement

Except as noted below, there are no known activities or relationships of the Cornerstone Village – Elk Grove Development Team that might create a conflict of interest for the Development Team or the City of Elk Grove.

The President and CEO of the John Stewart Company, Jack Gardner, is married to a Senior Project Associate at Devine & Gong, Candy Rupp. The John Stewart Company, along with Bethesda Cornerstone Village, has hired Devine & Gong to conduct financial analysis for the project.

Margaret Miller

From: Paul Tamburri <paul.tamburri@relationinsurance.com>
Sent: Monday, May 17, 2021 9:35 AM
To: Margaret Miller
Cc: Lauren McDermott
Subject: City of Elk Grove - Request for Proposals - Development, Construction, and Operation of an Affordable Housing Project

Margaret: As the insurance broker for The John Stewart Company, we have reviewed the Insurance Requirements contained in the referenced Request for Proposal that is due on May 19, 2021 and can confirm that we can secure the required insurance under the terms described on page 9 and in Attachment B in the Request for Proposal.

Please let us know if any questions.

Best regards,



Paul Tamburri

WEST COAST RISK MANAGEMENT PRACTICE LEADER

Pan American Insurance Services

1277 Treat Boulevard, Suite 400, Walnut Creek, California 94597

direct (925) 407-0401 / mobile (925) 482-7434

paul.tamburri@relationinsurance.com / relationinsurance.com

Our parent company has changed its name.

We're now part of Relation Insurance Services.

CA License #0F89850

Stay informed with COVID-19 updates at RelationInsurance.com by clicking [here](#)

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Exceptions

There are no exceptions to the RFP requirements or Affordable Housing Loan Program Guidelines requested by the JSCo-Bethesda Development Team.



Key Staff Resumes

Jack D. Gardner *President & CEO*

Jack D. Gardner has been actively involved in the financing, development, and management of affordable housing since 1985 and has served as the President & CEO of the John Stewart Company since 2002. Under Mr. Gardner's leadership, JSCo has become one of the largest managers of affordable housing in the United States, with over 33,000 units under management, and one of the top developers of affordable housing in California, with over 1,000 units of affordable housing under construction or in predevelopment. Mr. Gardner has served on the Board of Directors since 2000.

Mr. Gardner's professional background includes the public, non-profit, and private sectors. His experience includes serving as Senior Housing Development Analyst for the City of Santa Monica, Southern California Program Manager for the Low Income Investment Fund (for which he established a Southern California office in 1991), founding Executive Director of the Hollywood Community Housing Corporation (HCHC) in Los Angeles, Executive Director of Resources for Community Development in Berkeley, and Tax Credit Acquisitions Director for Edison Capital Housing Investments. Following the development of several innovative affordable housing projects, HCHC was named Non-Profit Developer of the Year by the Southern California Association of Non-Profit Housing (SCANPH) in 1995.

Mr. Gardner is experienced in both the new construction and rehabilitation of residential properties, and his historic renovation projects have received the Governor's History Preservation Award, the Hollywood Legacy Award, the Los Angeles Conservancy Award, and the California Preservation Foundation's Affordable Housing Award. He is founding President of the Affordable Housing PAC, California's first affordable housing political action committee, co-chair of the San Francisco Planning and Urban Research (SPUR) Housing Policy Board, a member of both the Local Advisory Committee for Bay Area LISC and Lambda Alpha (an international honorary land economics society), and Chairman of the Board of the YMCA of the East Bay (where he was named Volunteer of the Year in 2000). He is an Emeritus Director of the California Housing Consortium (where he served as Secretary, Treasurer, and Vice-Chairperson) and former member of the Board of Directors of the Non-Profit Housing Association of Northern California (2013-2018), the Affordable Housing Advisory Council of the Federal Home Loan Bank of San Francisco (2005-2012), and the Editorial Advisory Board of *Affordable Housing Finance* magazine (2004-2011). In 2018, Mr. Gardner was recognized as a "Male Champion of Change" by the Organization of Women Architects and Design Professionals for "helping to disrupt entrenched workplace cultures" and, in 2019, he was inducted into the California Housing Consortium's Housing Hall of Fame in recognition of his "profound impact on California's affordable housing industry."

Mr. Gardner received a Bachelor of Arts in Political Economics from the University of California at Berkeley and a Master in Public Policy degree from the Kennedy School of Government at Harvard University.

Margaret Miller

Senior Vice President of Development

Margaret Miller joined the John Stewart Company in 2004 as a Project Manager and has been promoted over the past 15 years to now serve as JSCo's Senior Vice President of Development. As Senior Vice President of Development, Ms. Miller oversees the full range of corporate activities related to developing affordable and mixed-income multifamily housing, including identifying and acquiring properties, business development, project design, obtaining entitlements and environmental approvals, financial structuring, loan packaging, construction oversight, and regulatory compliance. In this capacity, she also supervises four full-time Project Managers and Assistant Project Managers, an Asset Manager, and an Administrative Assistant for the company. Ms. Miller joined the Board of Directors in 2017.

Ms. Miller's experience includes a wide variety of tasks related to planning, community development, and real estate development. While earning her Master's Degree in Real Estate Development from Columbia University, Ms. Miller worked at Avalon Bay Communities, a national real estate developer, where she developed a proposal for a green residential building in Battery Park City and conducted market research to inform amenity and design decisions at the firm. Prior to moving to New York City, Ms. Miller formed and managed a real estate investment partnership that purchased residential properties in Idaho. Ms. Miller has also worked at an early stage company managing relationships and projects with Fortune 500 companies and university partners, a socially responsible venture capital fund in Boston, and was appointed by the Mayor of Portland, Oregon to serve on the Northwest Area Plan Committee to devise a strategic 20-year plan for the growth of Portland's Northwest Plan Area. Ms. Miller currently serves as the Vice-Chair of the Board of Directors of the San Francisco Housing Action Coalition.

Ms. Miller holds a Bachelor's Degree in American History with a Minor in Economics from Bowdoin College, a Master's Degree in Real Estate Development from Columbia University in New York, and was a fellow at the University of Pennsylvania Center of Urban Redevelopment Excellence.

Daniel Levine

Senior Vice President of Construction Management Services

Daniel Levine joined The John Stewart Company in 1997 as Director of Construction Administration, after nearly 25 years of practice as a registered architect. Mr. Levine brings with him comprehensive expertise in the housing and construction industries and a long history of successful professional consulting to The John Stewart Company. As Principal of Daniel Levine Architecture in Novato, CA, and formerly as Associate and Vice President of Thomas Sehulster Architect in San Francisco, CA, Mr. Levine has designed, directed, and managed a broad range of building alteration, remodeling, retrofit, and expansion work, as well as numerous space planning, retail planning, and interior design projects. Among other recent projects, Mr. Levine served as Project Architect for the renovations of Shelter Hill Apartments in Mill Valley, CA and Mote Alban Apartments in San Jose, CA as well as Construction Administrator for the

renovation of Land Park Woods Apartments in Sacramento, CA and Del Norte Place Apartments and Retail Marketplace in El Cerrito, CA.

The firm of Daniel Levine Architecture was established in 1986 as a full-service architectural practice, specializing in multi-family and commercial building alteration and renovation projects. For 11 years, the firm was dedicated to the technical aspects of the architectural profession, including the preparation of bid and contract drawings, specifications, and construction administration services, offering a broad range of expert professional consulting services to building owners, developers, building managers, contractors, and other design professionals.

Mr. Levine received a Bachelor of Science in Architecture from the University of Michigan in 1971 and a Master of Architecture from the University of Michigan in 1974, and is a registered architect in the State of California.

Tracy Esposito

Vice President of Property Management

Tracy Esposito has worked in the property management field since 1999. Ms. Esposito has worked with The John Stewart Company in its Sacramento office since 2005, rising from Regional Manager to Senior Regional Manager to Regional Director to Assistant Vice President, before being promoted to Vice President in charge of the region in 2018.

In her early work for JSCo, Ms. Esposito managed the company's South Sacramento portfolio, including properties owned by the Sacramento Housing and Redevelopment Agency (SHRA), Reiner Communities, and Ocwen Loan Servicing, LLC. Her portfolio included single family homes, homeowner associations, single room occupancy, and multifamily housing properties with multiple regulatory agreements and layered funding programs including private debt, HUD financing, CDBG, Low Income Housing Tax Credits, tax-increment and tax-exempt financing, Multifamily Housing Program (MHP) loans, and Project-Based Section 8 rental subsidies. Throughout her tenure with JSCo, Ms. Esposito has built strong relationships with SHRA, the Sacramento Housing Authority, local police departments and neighborhood service groups, multiple homeowner associations, and many elected officials.

In January 2018, Ms. Esposito was promoted to Vice President in charge of JSCo's Sacramento Regional Office. In this capacity, she is responsible for over 4,000 housing units in Sacramento, Yolo, Solano, and San Joaquin counties. She also oversees the region's in-house Accounting Department, Compliance Department, and all administrative staff.

Catherine Etzel

Director of Development

Catherine Etzel joined the John Stewart Company in 2013 as a Project Manager and has since been promoted to Director of Development. In this capacity, Ms. Etzel manages the development activities for both new construction and rehabilitation projects in San Francisco and the City of Richmond. Her responsibilities include managing the design and construction process, developing and tracking project scope and budgets, preparing funding applications, overseeing financial closings, and coordinating resident outreach, communication, and participation. Since joining JSCo, Ms. Etzel has worked primarily on the firm's Hunters View project, which is a multi-phase transformative public housing revitalization project located in San Francisco. She has also worked on public housing revitalization projects in other jurisdictions. Prior to joining JSCo, Ms. Etzel worked for BRIDGE Housing Corporation for nearly seven

years, where she focused on new construction and rehabilitation development projects across the greater Bay Area.

Ms. Etzel holds a Bachelor of Arts degree in U.S. History from Columbia University.

Julie Mendel

Project Manager

Julie Mendel joined the John Stewart Company in 2019 as an Assistant Project Manager and has since been promoted to Project Manager. In this role, she supports the day-to-day development activities of the multi-phase Hunters View project, as well as other acquisition rehabilitation projects. Her responsibilities include preparing funding applications, developing project scope and budgets, managing draws and invoice payments, and supporting community outreach efforts. Prior to joining JSCo, Ms. Mendel was a Fellow in the Housing Policy Division of the California Department of Housing and Community Development, where she supported implementation of the 2017 Housing Package, and worked as a Graduate Student Researcher at the Turner Center for Housing Innovation, where she conducted research on the costs of housing funded by Low Income Housing Tax Credits.

Ms. Mendel received a Bachelor of Arts in International Studies from the University of Washington and a Master's Degree in City and Regional Planning from the University of California at Berkeley.

John Stewart Company - Developments
As of May 2021

Project Name	Project Location	Project Type	Year Built/ Rehabbed	Total Units/Space	Affordable Units	Total Costs (in millions)	Subsidy Financing	JSCo Role	Currently Own
88 Broadway/735 Davis	88 Broadway San Francisco, CA	Family/ Senior	2021	178	178	\$126M	CITY, TCAC, BONDS	Co-GP	Yes
Cannery Place Apartments (T9)	426 N. 7th Street Sacramento, CA 95811	Family/Rental	2015	180	180	\$38.6M	BONDS, SHRA, TCAC, HCD/CITY	Co-GP	Yes
California Corridor Phase I SFHA RAD	Three Sites San Francisco, CA	Family/Rental	2017	257	257	\$40M	BONDS, RAD, TAX CREDITS	Co-Gp	Yes
California Corridor Phase II SFHA RAD	Three Sites San Francisco, CA	Family/Rental	2019	246	246	\$40M	BONDS, RAD, TAX CREDITS	Co-Gp	Yes
Casa Feliz	525 9th Street San Jose, CA 95112	SRO/Rental	2009	60	60	\$16M	TCAC CITY, MHP,AHP	Co-GP	Yes
Clifford Manor	240 Clifford Avenue Watsonville, CA95076	Co-Op	2021	100	100	\$20.4M	FHA	Developer	No
Coldstream Commons	Truckee, CA	Family-Rental	2020	48	48	\$21.7M	TCAC, Bonds, HCD	Co-GP	Yes
Crescent Apartments	2990 Fifth Street Davis, CA 95617	Family/Rental	2019	73	73	\$25M	TCAC, CALHFA HCD AHSC, CITY	Co-GP	Yes
Crescent Manor SRO	467 Turk Street San Francisco, CA 94102	Family/Rental	1970	91	90	\$3.3M	HUD	Lead-GP	No
Cypress Springs Apartments	7850 Cypress Avenue Riverside, CA 92505	Family/Rental	2006-07	101	100	\$25.9M	TCAC, CITY, RDA, AHP	Co-GP	Yes
Del Norte Place	11720 San Pablo Avenue El Cerrito, CA 94708	Family/Rental	1992	135 20K SF Retail	27	\$17.5M	BONDS, RDA	Lead-GP	No
Fulton & Gough	Fulton & Gough San Francisco, CA 94102	Market Rental	NA	69 5K SF Retail	8	\$28M	Debt, Equity	Co-GP	No
Heritage Commons Phase I	191 Heritage Lane Dixon, CA 95620	Senior/Rental	2013	60	60	\$12M	TCAC, BONDS, RDA, STATE HOME	Co-GP	Yes
Heritage Commons Phase II	191 Heritage Lane Dixon, CA 95620	Senior/Rental	2016	54	54	\$12M	TCAC, BONDS, RDA, STATE HOME	Co-GP	Yes
Heritage Commons Phase III	191 Heritage Lane Dixon, CA 95620	Senior/Rental	2022	40	40	\$12.50	TCAC, Bonds	Co-GP	Yes
Hunters Point East West	Oakdale Avenue San Francisco, CA 94124	Family/Rental	2017	213	213	\$118M	BONDS, RAD, TAX CREDITS	Co-GP	Yes
Hunters View Phase I	227-229 West Point Road San Francisco, CA 94124	Family/Rental	2013	107	107	\$80M	CITY, STATE, FEDERAL, TCAC	Co-GP	Yes
Hunters View Phases IIA	227-229 West Point Road San Francisco, CA 94124	Family/Rental	2017	107	107	\$80M	CITY, STATE, FEDERAL, TCAC	Co-GP	Yes
Hunters View Phases Block 10	227-229 West Point Road San Francisco, CA 94124	Family/Rental	2017	72	72	\$45M	CITY, STATE, FEDERAL, TCAC	Co-GP	Yes
Hunters View Phases IIIA	227-229 West Point Road San Francisco, CA 94124	Family/Rental Home Owner	Pre-Dev	118	118	\$87.6M	CITY, STATE, FEDERAL, TCAC	Lead-GP	No
Jackie Robinson Apartments	1340 Hudson Avenue San Francisco, CA 94124	Family/Rental	1971	130	129	\$5.5M	HUD	Co-GP	No
John Burton Advocates for Youth Housing Complex	820 Presidio San Francisco, CA 94115	TAY/Family Rental	2017	50	50	\$21M	CITY, HY-MHP, TCAC	Co-GP	Yes
Land Park Woods	2814 5th Street Sacramento, CA 95818	Family/Rental	1997	75	74	\$3.5M	TCAC, SHRA, AHP	Lead-GP	Yes
Larkspur Isle	Larkspur Plaza Drive Larkspur, CA 94939	Family/Rental	1981	28	27	\$2.8M	Private Equity & Debt	Lead-GP	No
Las Casitas	26409 Gading Road Hayward, CA 94544	Family/Rental	1983	61	60	\$3M	OTHER	Lead-GP	No
Marina Tower	575 Sacramento St. Vallejo, CA 94590	Senior/Rental	2006	155	154	\$27.7M	BONDS, CITY, TCAC	Co-GP	Yes
Marina Tower Annex	575 Sacramento St. Vallejo, CA 94590	Senior/Rental	2001	57	57	\$4.8M	BONDS, CITY, TCAC	Co-GP	Yes
Mercy Family Plaza	1501 - 1599 Hayes Street San Francisco, CA	Family/Rental	1991	36	35	\$6.2M	TCAC, STATE, CITY	Lead-GP	No
Monte Alban Apts.	1324 Santee Drive San Jose, CA 95122	Family/Rental	1969/2007	192	190	\$25.7M	BONDS, TCAC, OTHER	Lead-GP	Yes
Nihonmachi Terrace	1615 Sutter Street San Francisco, CA	Family/Senior Rental	2010	245	244	\$38M	BONDS, TCAC	Co-GP	Yes
North Beach Place	445 Bay Street San Francisco, CA 94133	Family/Rental	2004	341 19K SF Retail	340	\$106.5M	TCAC, HOPE VI, AHP, CITY	Co-GP	Yes
Oak Village Apts.	780 13th Street Oakland, CA 94612	Family/Rental	1987	117	116	\$1.8M	HUD	Lead-GP	No
Olive Court	917 3rd Street Davis, CA 95617	Family/Rental	1986	27	26	\$2M	Private Equity & Debt	Co-GP	No
Piper Court	191 Piper Court Fairfax, CA 94930	Family/Rental	1986	27	26	\$1.5M	Private Equity & Debt	Co-GP	No
Providence Place	5500 Mack Road Sacramento, CA 95823	Family/Rental	2018	292	292	\$16M	Private Equity & Debt	Co-GP	Yes
Pullman Point	2989 Pullman Blvd. Richmond, CA 94804	Family/Rental	2005	199	198	\$27M	TCAC, OTHER	Lead-GP*	Yes
Royal Adah	1240 Fillmore Street San Francisco, CA 94115	Senior/Rental	2022	142	142	\$42.5M	FHA	Developer	No
Shasta Hotel	1017 10th Street Sacramento, CA	SRO/Rental	2020	80	80		TCAC	Co-GP	Yes
Shiloh Arms	4009 23rd Avenue Sacramento, CA 95820	Family/Rental	1980	106	105	\$3M	HUD	Lead-GP	No
St. John's Apts.	121 W. MacDonald Richmond, CA 94801	Family/Rental	1979	158	157	\$7.5M	HUD	Lead-GP	No
The Villages at Treasure Island	Treasure/Yerba Buena Islands San Francisco, CA	Family/Rental	1999	638	0	\$11M	Private Equity & Debt	Lead-GP	No
Triangle Court/Friendship Manor	Stege Avenue Richmond, CA	Family/Senior Rental	2017	156	156	\$31.6M	TCAC, CITY, Tax Exempt Bonds	Co-GP	Yes
Turk Street Apts.	381 Turk Street San Francisco, CA 94102	Family/Rental	1982	32	31	\$2M	CITY, SECTION 8	Lead-GP	No
Villa Jardin/Coral Gables	2701 Meadowview Road Sacramento, CA 95832	Family/Rental	2022	73	73	\$26.6M	TCAC, HCD, SHRA, AHP	Lead-GP	No
Village East Apts.	2501 E. Lafayette St. Stockton, CA 95205	Family/Rental	2017	190	189	\$5M	HUD	Lead-GP	Yes
Westbrook	Oakdale Avenue San Francisco, CA 94124	Family/Rental	2019	226	226	\$120M	BONDS, RAD, TAX CREDITS	Co-GP	Yes
Working Artists Ventura	35 West Thompson Blvd Ventura, CA 93001	Family/Rental Condos	2009	69 13 6K SF Retail	69	\$42.4M	TCAC,CITY RDA,AHP	Lead-GP*	Yes
Woodhaven Senior	3731 Rio Linda Blvd. Sacramento, CA 95838	Senior/Rental	2016	104	103	\$3M	TCAC, CalHFA	Lead-GP	Yes

TOTAL UNITS DEVELOPED/UNDER DEVELOPMENT

6,328

Cornerstone Village – Key Team Members



Tom Campbell
Vice President of Real Estate

As Vice President of Real Estate, Tom Campbell leads Bethesda Cornerstone Village, overseeing all aspects of developing, constructing and managing new housing developments throughout the U.S. Prior to taking on this role in 2019, Campbell served as a consultant to Bethesda for several years, assisting with complex real estate solutions.

Campbell was the principal executive at Campbell Corporation, where for more than 27 years he developed, constructed managed and owned affordable senior and family housing throughout Wisconsin. His areas of expertise include project sourcing, feasibility, financing, planning, construction, leasing and property operations. At Campbell Corporation, he successfully completed real estate projects valued in the hundreds of millions of dollars in the residential, commercial, hospitality and industrial real estate markets. He has managed the development of real estate projects throughout Wisconsin, the U.S. and beyond. Campbell earned a Bachelor of Science degree from the University of Wisconsin-Milwaukee and has been a Licensed Real Estate Broker since 1989.



Kristine Giornalista
Senior Director of Real Estate Development

As Senior Director of Real Estate Development, Kristine Giornalista is focused on expanding the Bethesda Cornerstone Village concept across the U.S. Giornalista, who joined in 2019, works with advocates, guardians and service providers to design communities that support choice, inclusion and independence. She also coordinates housing development tasks from site identification through construction closing.

Her expertise is in creating affordable housing developments for vulnerable individuals and families. Giornalista has been involved in development projects totaling over \$245 Million, ranging from public housing transformations to supportive housing to urban infill. She has experience with many forms of financing used in affordable housing, including LIHTC, Historic Tax Credits, HUD grant programs, FHLB Affordable Housing Program, Tax Increment Financing and brownfield remediation grants. Giornalista most recently served as VP of Real Estate Development for Impact Seven in Wisconsin. Kristine was also advanced affordable housing projects at IFF and Heartland Housing in Illinois. Giornalista earned a Bachelor degree and a Master of Public Affairs degree from the University of Wisconsin - Madison.



Chris Dettling
Senior Director of Real Estate Development

Based in Minneapolis, Minnesota, Chris advances Bethesda's Cornerstone Village concept throughout the nation with a particular focus on the organizations expanding MN presence. Chris' career in affordable housing spans 25 years and he applies this experience to all aspects of the development process from concept creation through construction completion. Dettling has been directly responsible for the creation of over \$150M in multifamily and mixed-use affordable housing developments and managed teams delivering another \$200M+. Chris' career has focused on the creation of deeply affordable housing and most recently has focused on creating permanent supportive housing for individuals and families experiencing homelessness. Dettling has held various leadership roles in public and nonprofit organizations where he has been responsible for making strategic and mission critical decisions in a fast-paced, high-pressure environment. Most recently, Chris served as Director of Housing Development for Beacon Interfaith Housing Collaborative and, for 15 years prior, with Project for Pride in Living, Inc. Chris earned a dual Bachelor degree in History and American Indian Studies and a Master of Urban and Regional Planning degree from the University of Minnesota-Twin Cities.



John Pechan
Senior Project Manager

As Senior Project Manager, John Pechan is responsible for coordinating the development of Cornerstone Villages, from concept through construction completion. Pechan is the lead for identifying opportunities in Wisconsin and supports the rest of the team in other markets with his keen skills in financial modeling and creative financing structures.

Prior to joining Bethesda in 2020, Pechan was the Finance Project Manager for J. Jeffers & Co., a Milwaukee-based development company. There, Pechan sourced more than \$100 Million in tax credit equity and debt and also lead the due diligence process for finance closings on numerous low-income and historic tax credit transactions in Wisconsin. Pechan began his career in real estate development as a financial analyst at Baker Tilly, which gave him broad exposure to affordable and market rate financing structures across the country. Pechan earned his Bachelor's in Business Administration from Seattle University in Seattle, Washington.



Allison Katula
Independent Living Advocate

Allison comes to Bethesda with nearly 15 years experience in senior housing and programming. Her philosophy about independence is that it is not black or white, but many shades of gray. In career she has worked to enhance and honor the independence of those she served through innovative healthcare, wellness, hospitality and life enrichment programs. She holds her MS in Nonprofit Management and Leadership from the University of Wisconsin - Milwaukee.

Executive Leadership Team



Mike Thirtle
President, Chief Executive Officer

As President and Chief Executive Officer of Bethesda, Mike Thirtle works alongside Bethesda's leadership team and the passionate people of the organization to fulfill Bethesda's mission.

Before joining Bethesda, he worked for the RAND Corporation in various roles for 12 years, including Director of the RAND office at Air Combat Command at Langley Air Force Base, Virginia. Before his years with RAND, Thirtle was Director of Consulting for the National Data Corporation in Chicago and a Senior Consultant with PricewaterhouseCoopers in Los Angeles. Thirtle is a proud veteran and retired member of the U.S. Air Force, where he served as an active duty and reserve officer for more than two decades. He graduated with military distinction—in the top one percent of his class—with a Bachelor's degree in biology from the United States Air Force Academy in Colorado Springs, Colorado.

In addition, Thirtle holds several advanced degrees, including doctoral and a master's degrees in policy analysis, both from the RAND Graduate School in Santa Monica, California. Thirtle also has master's degrees in finance and economics, both from Wright State University in Dayton, Ohio. He has attended Executive Leadership Programs at both the Stanford Business School and the Harvard Business School. Thirtle has published numerous reports and articles on business reform, process improvement, education and development of people, technology and leadership. Thirtle has also served on the faculty of Northwestern University in Evanston, Illinois, as an adjunct professor teaching classes in analytical methods and leadership.



Jeff Kaczmariski
Senior Vice President, Chief Legal Officer

Jeff Kaczmariski holds the positions of Bethesda's Executive Vice President and Chief Legal Officer. In his roles, Kaczmariski supports strategic planning, business development, organizational change management and enterprise project execution. Kaczmariski provides and manages all legal services for Bethesda, is involved in Bethesda's public policy and advocacy efforts and leads Bethesda's internal management compliance team.

Before coming to Bethesda in 1993, Kaczmariski worked as a business litigation attorney for several law firms in Madison and Milwaukee, Wisconsin, where he represented organizations in a variety of complex business, employment and appellate matters. Kaczmariski has a bachelor's degree in political science and a law degree from the University of Wisconsin—Madison.



Brian Savoie
Vice President of Finance, Chief Financial Officer

As Chief Financial Officer, Brian Savoie leads and directs the organization's finance team.

Savoie brings more than 15 years of operations experience to his role. Most recently, he served as Chief Financial Officer for the American Society for Quality (ASQ) in Milwaukee, where he led the finance, accounting, information technology, organizational excellence and office services work groups at the 70,000-member nonprofit professional society. He also held finance leadership positions at VF Corporation, in Appleton, Wisconsin, Brady Corporation in Milwaukee, and Nike, Inc. in Oregon. Savoie earned his bachelor's degree in industrial engineering from the Milwaukee School of Engineering and his MBA from Carnegie Mellon University in Pittsburgh.



Lorene King
Vice President of Philanthropy

Lorene S. King is the Vice President of Philanthropy at Bethesda Lutheran Communities. She is responsible for executing a comprehensive advancement plan to support all aspects of philanthropic giving that reflect the larger strategic goals and objectives in support of Bethesda's mission.

Prior to coming to Bethesda, King served as Vice President for Institutional Advancement at Daytona State College in Daytona Beach, Fla., where she also was Executive Director of the college's foundation. She previously was the Executive Director of the NASCAR Foundation and held several senior leadership roles with ALSAC/St. Jude Children's Research Hospital in Memphis, Tennessee. King earned an Executive MBA from the University of Memphis and a bachelor's degree in marketing and management from the University of South Alabama.



Sri Nagarajan
Chief Technology and Innovation Officer

Sri Nagarajan is responsible for advancing Bethesda's innovation strategy on behalf of people with developmental disabilities. First among these initiatives is a game-changing quality platform that will enhance the lives of people with disabilities.

Nagarajan co-founded Camino Ventures, a North Carolina-based financial technology firm, and he previously served in senior leadership roles with AAA Carolinas, AIG Insurance and Bank of America. A true innovator, he is the holder of five patents, with about two dozen more pending.

Nagarajan lives in Charlotte, N.C., and spent his formative years in Oman and India before emigrating to the U.S. to attend graduate school. He earned a Master's degree in information management from Carnegie Mellon University in Pittsburgh; an MBA from the Kellogg School of Management at Northwestern University in Evanston, Ill.; and a Master's degree in financial management from Pondicherry University in India. His Bachelor's degree in commerce is from the University of Madras, also in India.



Cindy Moon-Mogush
Chief Marketing and Communications Officer

Cindy Moon-Mogush is an accomplished marketing and communications leader with extensive experience in brand building, digital experience, and corporate communications with a successful leadership history in innovating brand strategy in the health care and financial services sectors. Moon-Mogush is responsible for overseeing internal and external communications and marketing for all Bethesda programs.

Prior to coming to Bethesda, Moon-Mogush served as senior vice president and chief marketing officer of Aurora Health Care, Milwaukee, and as senior vice president and chief marketing officer for Green Bay-based Associated Banc-Corp.

Moon-Mogush earned a master's degree in organizational communication from Central Michigan University, where she also received a bachelor's degree in communications and journalism.



Diane Ekstrand
Chief Human Resources Officer

Diane Ekstrand brings more than 15 years of human resource experience to her role, having worked with a variety of financial service and health care organizations. Ekstrand most recently served as Vice President, Human Resources for Northwestern Mutual in Milwaukee. Prior to Northwestern Mutual, she was Vice President, Human Resources for Banner Health in Arizona and Aurora Health Care in Wisconsin.

Ekstrand earned a master's degree in human resources / labor relations from the University of Wisconsin-Milwaukee and a bachelor's degree in economics from the University of Wisconsin-Whitewater. She also holds several professional certifications, including Senior Professional in Human Resources, and is an active member of the Metro Milwaukee Society for Human Resource Management and Professional Dimensions.

A Forward-thinking, Inclusive Community



Bethesda Cornerstone Village Victoria, MN

Bethesda Cornerstone Village, a senior living campus in Victoria, Minnesota completed construction in August 2020. This Christian residential community offers a combination of 52 villas and apartment homes that integrate people with intellectual and developmental disabilities with adults of all abilities 55 years and older.

Up to 20 percent of Cornerstone Village's units serve persons with a disability, at a price they can afford. Cornerstone Village will be the one of the first developments of its kind in the nation.

The development was built with \$1.28 million in TIF funding from the City of Victoria. The TIF requires an affordability component where 20% of the units are reserved for residents at 50% of the area median income. Cornerstone Village is a subsidiary of Bethesda Lutheran Communities. Additional Cornerstone Village developments are planned for the Twin Cities, Wisconsin and California. Each will vary on their residential mix and size, but all will include people with disabilities.



Independence through Connectivity



Bethesda Cornerstone Village Oakdale, MN

Cornerstone Village - Oakdale will be a 71-unit community located near the Helmo Avenue Station of the METRO Gold Line Bus Rapid Transit, which is slated to open in spring 2024.

The community will provide 50 affordable apartments and 21 market rate apartments. Seventeen (17) apartments will be set-aside for adults with I/DD and four (4) apartment for adults who have experienced homelessness.

Easy access to transit and nearby amenities will be key to independence for residents who do not own cars. The project is slated to start construction in fall 2021.

Creative Urban Infill



Bethesda Cornerstone Village Milwaukee, WI

Cornerstone Village - Highland is a 68-unit community for older adults, ages 55+, on Milwaukee's historic Near West Side. The new building will replace an obsolete office building being vacated by Advocate Aurora Health.

The community will feature 62 affordable and six (6) market rate units. Ten (10) apartments will be set-aside for adults with I/DD and seven (7) apartments for older adults who have experienced homelessness.

The Milwaukee Center for Independence will operate a satellite location on the ground level. The project is slated to start construction in spring 2022.

Creating New Opportunities for Inclusion



Transition to Group Homes Carver & Hennepin Counties, MN



Historically, people with intellectual and developmental disabilities who resided outside of their parents' home would live in a large institution or a smaller intermediate care facility (ICF). Both fell out of favor as expectations for people with disabilities changed along with funding sources.

An ICF in Victoria, Minnesota, went into service in 1971, with multiple buildings housing 12 people each. At the time this was state of the art, but times and needs changed. In 2018, Bethesda purchased seven homes in the Twin Cities area based on neighborhood desirability, available housing stock and proximity to activities for people supported. Each individual served identified goals for relocation. Once purchased, Bethesda renovated the homes to make them accessible to individuals' needs, including chair lifts, garage lifts and leveled floors. Meanwhile, beds in the ICF were decertified, with 27 of 32 residents from the ICF continuing with Bethesda at new homes in 2019.

A multidisciplinary team worked together to make this process as smooth as possible for people supported and to fulfill obligations to the state and private sellers. Frequent and transparent communication was essential with stakeholders including parents and guardians, case workers and employees. The Minnesota Department of Health Services was a valuable partner throughout the process.



Bethesda Lutheran Communities Corporate Profile | 2020

About Us

Founded in 1904 in Watertown, Wisconsin, Bethesda is a national leader in providing homes and support, promoting awareness and advocating for people with intellectual and developmental disabilities. Operating at program locations across the United States, we are a Christian organization that succeeds through the passion of our employees and volunteers who make a difference every day in the lives of those we support.

Bethesda's spectrum of services continues to evolve as we strive to reflect the needs of the people and families we support, which in recent years has focused on independence and community inclusion. Our organization is proud to be a change agent in implementing forward-thinking solutions that improve the lives of people with intellectual and developmental disabilities. Bethesda's shared living program and employment support services are two examples of our offerings that exemplify the level of self-direction and choice that people we support, parents, and guardians seek.

This transformation of our services, which comes at a time of decreased government funding, allows us to extend our mission as we impact more lives in more communities. It also will lead to real progress as greater acceptance and more diverse opportunities continue to break down limits for people with disabilities.

During this period of change, hard choices have been made - and will continue to be made - as we travel a path that rights our organization financially and positions us at the forefront of intellectual and developmental disability service providers.

Over the past few years, we have made much financial progress, restructuring our debt and cutting a substantial deficit in half. We have decreased expenses and reduced vendor costs, as well as generated significant cash to relieve pressure from our Bethesda Foundation.

Bethesda has long been a beacon of hope and support for the many people we support, and to ensure its longevity far into the future, we need to transform our organization and adapt to a changing environment.



Bethesda Timeline

1903

40 acres of land along the Rock River in Watertown, Wisconsin, were donated to Bethesda.



1904

Bethesda was founded as The Society for the Training and Care of the Feebleminded and Epileptic in Watertown, Wisconsin, by concerned Lutherans, and opened its doors to five people. The school focused on Christ-centered training and Lutheran education while providing people with a loving, supportive home.

1923

The school adopted the name Bethesda, taken from John 5:2-9 and meaning "House of Mercy."



1940s

Bethesda entered a period of expansion, which began with renovations to campus buildings in Watertown, Wisconsin.

1960

The first Bethesda thrift store started in Watertown.



1961-1968

Bethesda started occupational therapy, speech therapy and physical therapy departments.

1970s-1980s

Bethesda began expanding its services across the United States. In addition to Wisconsin, services were now offered in Illinois, Indiana, Michigan, Missouri and Texas.

1995

The organization made a greater commitment to serve people in the community when the board authorized new ministry consultant positions, which facilitate opportunities for people with disabilities to connect to faith communities of their choice. Bethesda works with congregations across the nation.



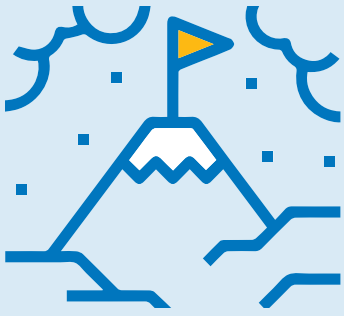
2006

Good Shepherd Communities affiliated with Bethesda.

2019

Bethesda is positioned to succeed and continue to help people with intellectual and developmental disabilities to live the lives they want - as it has done for more than a century.





Our Mission

Enhance the lives of people with intellectual and developmental disabilities through services that share the good news of Jesus Christ and achieve our vision for the future.



Our Aspiration

Bethesda aspires to be the leading national provider of supports, programs and resources for those with intellectual and developmental disabilities. We will work tirelessly to educate, advocate for and integrate those with intellectual and developmental disabilities into our communities, all to further the goal of helping the people we support live their best life in a loving way that is always true to our Christian mission.



Our Vision for the Future



Bethesda 20/30 is our strategic view of the future and serves as a roadmap to guide us to our goals. Our Strategic Plan is made up of five key objectives. Each of these objectives plays a role in helping us to transform the organization and achieve our vision for the future:

To achieve our vision, we need to **THINK DIFFERENTLY.**

5

POINTS OF TRANSFORMATION



1. EXPAND
our reach to help more people



2. INCREASE
services and programs offered



3. IMAGINATION & INNOVATION
to redefine quality and the use of technology in a way the field has never seen before



4. CREATE
new revenue opportunities



5. INVEST
in the best people to move our mission forward regardless of where they live

To create new revenue opportunities, we're taking a new, unique approach to help us stand out in the market. Our future will be built on two portfolios of services that support each other.

2

PORTFOLIOS OF SERVICE

MISSION DRIVEN

A mission-driven portfolio that will serve people's needs with quality service lines



Faith Support



Homes



Transition Services



Behavioral Health



Skill Development



Education



Employment

REVENUE DRIVEN

A revenue-driven portfolio run with a for-profit mindset to make money to serve our mission



Cornerstone Village



Financial Service



Retail



Tech Co.

FUNDS OUR MISSION

Services

Homes

Every person we support has an opportunity to turn a house into their home. Bethesda supports people with intellectual and developmental disabilities in community-based group homes, host homes and through family caregiver programs.

Across the United States, we help adults with intellectual and developmental disabilities make choices about where they live, who they live with and how they spend their time.

No matter the setting, we strive to foster independence and empower choice in the everyday activities and decisions of the people we support.

Independent and Supported Living: While some people we support live at home with a guardian, parent or relative who provides day-to-day support, others live independently in their own homes or apartments. Through our intermittent supports, we help people with intellectual and developmental disabilities receive support at the times and locations they want.

We offer personalized supported living programs as well as short-term supports and respite services.



Community Activities and Day Programs

We help people with developmental disabilities become active members of their communities. Our goal is to enable the people we support to make choices in their lives that will help them pursue their passions and have fulfilling life experiences.

Through our Community Activities and Day Programs, we offer the people we support countless ways to create friendships with others who share their interests and mentors that help them grow.

Career Connections

The employment support services staff at Bethesda assists people with disabilities in finding the right job.

- We work with Department of Vocational Rehabilitation services as well as people we serve and their loved ones.
- We use our vast employer and business networks to find a position that matches individual interests, skills and abilities.
- Employment staff provide support needed to successfully navigate applications, interviews and the hiring process.
- Through a specific and individualized approach to assessment, discovery, employer engagement and long-term job supports, Bethesda successfully helps many people each year find engaging long term employment in their communities.

Bethesda provides employment support services in Wisconsin, Oregon and Colorado.



Behavior Support Services

Quality behavior supports are an integral part of Bethesda's mission to enhance the quality of life for people with intellectual and developmental disabilities. Bethesda provides access to quality behavior support programs from certified behavior analysts to enhance the lives of people with intellectual and developmental disabilities.

We are committed to offering these services in-house for those already receiving residential supports through Bethesda. This allows for the positive, reinforcement-based supports to be fully integrated into each individuals' plan and help enhance their quality of life.

Faith Supports

Many of the people we support tell us the connection to their communities began in their congregation. For many, church was the first time they'd ever experienced a sense of being part of something bigger, being empowered to give back to the community or have the feeling of oneness that comes when a person is respected and valued as an equal member of a community.

To achieve this, Bethesda's ministry consultants facilitate opportunities for people with disabilities to connect to faith communities of their choice. We work with congregations across the nation.

Bethesda's Religious Life team collaborates to make connections that benefit the people we support, staff and congregations. The team provides training and education for congregations, church leaders and other religious organizations to promote the importance of spiritual support for people with developmental disabilities. Together with our partners, we help people with developmental disabilities and their families connect and fully participate in the life of the Christian community of their choice.



Bethesda College

The Bethesda College of Applied Learning is a unique, two-year post-secondary certificate program where people with intellectual and developmental disabilities can realize their dream of receiving a college education. Students enrolled in Bethesda College live on the Concordia University Wisconsin campus in integrated residence halls.

At CUW they can build lifelong friendships, practice their faith and participate in clubs and student activities. Bethesda College's faculty members are always available to support each student and help them get the most from their college experience.

The Bethesda College of Applied Learning is built on an inclusive model focused on academics and employment. Combining a liberal arts focus with skills development coursework, Bethesda College's curriculum is a blended model designed to help students grow intellectually, vocationally, socially, personally and spiritually.



Quality

At Bethesda, everything comes down to quality – doing the best for the people we support. We work to help them realize their hopes, dreams and desires. That's when we know we've done our job.

How do we know what each person wants? We ask them, and, together, we make a plan to get them there.

For each person, those goals are different. Ricky, in Wisconsin, wanted to move out of an institutional setting and into a home in his community. James, in Colorado, wanted to grow a vegetable garden. Malcolm, in Illinois, wanted to play in a basketball tournament.

While Bethesda works with each person we support to help them achieve their goals, the accomplishments are uniquely their own. Malcolm and his team earned second place in the basketball tournament. James is growing tomatoes in his backyard. Ricky moved into a home he shares with roommates he chose.

Bethesda helps them every step of the way, but the people we support are the ones who made decisions, took action and reached their goals.

Quality is central in everything we do at Bethesda.

Bethesda

2030

Moving **BOLDLY** into the Future



Homes

Creating innovative housing options

for people with I/DD, including growing our Bethesda Cornerstone Village locations, increasing shared living arrangements and adding small group homes where it makes fiscal sense



Transition Services

Increasing transition services

for young adults, including education programs, life skills training and support to help people gain experience and confidence to live as independently as possible



Employment

Expanding employment services

to new markets to provide meaningful work opportunities for more people that aren't currently supported by Bethesda, with a goal to provide a rewarding career paths

What does Bethesda's future look like?

Our 2030 Vision is to transform Bethesda into the intellectual and developmental disabilities industry innovator, by offering new services and a portfolio of new business ventures that will contribute critical funding to our work.

Together, we can innovate and move quickly to expand our reach and create positive impacts for the 6.5 million people in the U.S. who need our support.



Behavioral Health

Launching our behavior support services

in new markets will increase the number of people we can provide life-changing applied behavior analysis treatment to, including both adults and children



Financial Services

Introducing financial services

to ensure benefits are never in danger and people with disabilities have the financial independence and security we all desire



Retail

Introducing a new retail brand

to attract new generations of consumers and donors to our stores in order to generate revenue to fund our mission



Faith Support

Providing faith resources for people with I/DD

to ensure every person we support has access to resources that will help them live the faith life they choose for themselves



Smart Tech

Expanding the use of smart tech services

to help those with disabilities gain more independence by using technology to make everyday life easier, more safe and secure



Bethesda 2019-2020 Impact Report Thru 9/17/20

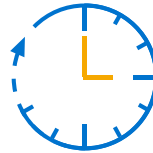
Moving Our Mission Boldly Forward

During Fiscal Year 2019-2020, we continued to provide quality, caring support across all of our existing services, all while developing new and innovative ways to support, empower and create more inclusion for people in the future.

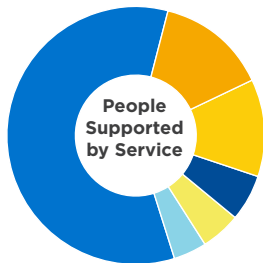
OVERALL SUPPORT



1,500+
people served
by Bethesda

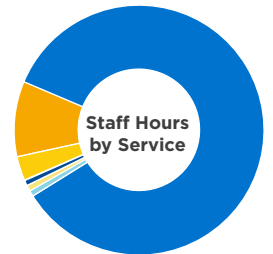


3.6 million
hours of support
provided to people with
disabilities across all programs



- 55% Bethesda Homes
- 13% Community Connections
- 12% Independent & Supported Living
- 8% Shared Living
- 6% Employment Connections
- 6% Behavior Supports

- 85% Bethesda Homes
- 10% Independent & Supported Living
- 2% Community Connections
- 1% Shared Living
- 1% Employment Connections
- 1% Behavior Supports



BETHESDA HOMES

850+
PEOPLE LIVING
IN BETHESDA
LICENSED HOMES



LIVING SERVICES Independent & Supported



185
PEOPLE
SUPPORTED IN
THEIR OWN HOMES

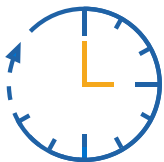
SHARED LIVING HOMES

119
PEOPLE



LIVING IN A SHARED LIVING
ARRANGEMENT SERVED BY
BETHESDA

2.5 million+
HOURS OF SUPPORT
PER YEAR



2,967
AVERAGE HOURS OF
SUPPORT PER PERSON
PER YEAR

1,680
SUPPORT
HOURS
PER PERSON
PER YEAR

32
AVERAGE
HOURS
PROVIDED
PER WEEK

COMMUNITY & EMPLOYMENT CONNECTIONS



198
PEOPLE SERVED
IN DAY, COMMUNITY
AND EMPLOYMENT PROGRAMS

CORNERSTONE VILLAGE



90
POTENTIAL
PROPERTIES
REVIEWED

FAITH ENGAGEMENT



1,300+
TOUCHPOINTS WITH
PARENTS & FAMILIES
OF PEOPLE WE
SUPPORT

BEHAVIOR SERVICES



88
PEOPLE RECEIVED
THERAPY SERVICES

5
PROPERTIES
IN ACTIVE
PLANNING
STAGES

1
PROPERTY
OPEN AND
OCCUPIED

Bethesda California Operations – At A Glance

BY THE NUMBERS

CALIFORNIA

221
People supported

378
Staff

34
Facilities

UNITED STATES

300+
Programs

13
States served

\$136.6 million
Operating revenue, 2018

4 million
Hours per year of
support, 2019

1904
Year founded

Who is Bethesda?

Bethesda is a national Christian nonprofit organization serving people with intellectual and developmental disabilities. We strive to help people live their lives to the fullest.



What We Do

Across the country, Bethesda provides a variety of services including residential, employment, community and faith supports.

Services in California

- **Community-based homes:** Offering safe, comfortable places to live
- **Shared living:** Matching a person needing support with a loving family
- **Independent and supported living services:** Providing as-needed support for people who are better able to care for themselves

Communities served:

- Bakersfield, Clovis, Fremont, Fresno, Laguna Hills, Lake Forest, Mission Viejo, Porterville, Visalia

President & CEO

- Mike Thirtle, Ph.D.

Regional Director

- Christina Mance



National Board of Directors



Cesar Villalpando
Chairman of the Board

Burbank, California

Cesar Villalpando is the former Corporate Senior Vice President, Enterprise Shared Services at Kaiser Permanente, the nation's largest integrated health system. During his 29+ years with Kaiser he oversaw a broad range of services, including hospitals, pharmacy, construction, support services, and financial and strategy divisions. He holds a Bachelor's degree in Psychology, including graduate studies in Human Factors from California State University, Northridge.

[View](#) his LinkedIn profile.



Rev. Jay DeBeir
Vice Chairman of the Board

Eureka, Missouri

Rev. Jay DeBeir is the former Executive Vice President at Lutheran Hour Ministries St. Louis. He provided leadership for mission strategy and operations, finance, information technology, human resources, and marketing/creative services. He previously served as vice president of operations for Horizon Health Corp., where he oversaw multiple health care facilities across the U.S. Rev. DeBeir also served as senior vice president of the Lutheran Church Extension Fund's Ministry Services Division in St. Louis, where his responsibilities included strategic planning, program development, and district and national relations. Rev. DeBeir was ordained at Concordia Seminary St. Louis and earned his Master's degree in Business Administration from Benedictine University, his Master's degree in Clinical Psychology from the Illinois School of Professional Psychology in Chicago, and his Bachelor's degree in Psychology from Aurora University.

[View](#) his LinkedIn profile.



Randall Odzer
Treasurer

Des Moines, Iowa

Randall Odzer is the Chief Financial Officer of the U.S. Insurance Solutions division of Principal Financial Group, a Fortune 500 global financial services company. Randall is a results-oriented business leader with diverse healthcare and insurance experience as CFO of several organizations, including: Optum Health Care Solutions, United Behavioral Health and Cigna Behavioral Health. He holds an MBA from Northwestern University - Kellogg School of Management and a Bachelor's degree in accounting from the University of Illinois at Chicago.

[View](#) his LinkedIn profile.



Catherine Brondos
Secretary

Haymarket, Virginia

Cathy Brondos is an educational trainer and coach. Her career primarily focused on high school administration, special education, science education and undergraduate teacher education. She completed postgraduate programs in school administration and in special education at the University of Denver. Brondos holds a Master's degree in Botany from the University of Kansas and a Bachelor's degree in Education from Concordia University.

[View](#) her LinkedIn profile.



Karen Carter
Director

Whitehall, Wisconsin

Karen Carter is the former Volunteer Coordinator at Riverfront, Inc. and the Chippewa Valley Museum. Her career has included Lutheran Camp Counselor, Children's Librarian, Director and Teacher in private and Lutheran early childhood settings. She has served on numerous church and civic boards and committees. She currently is the President of the Bethesda Auxiliary Governing Board. Karen holds an Associate degree from Concordia and Bachelor's degree in Early Child Development from Warner Pacific.

[View](#) her LinkedIn profile.



Malcolm Conner
Director

Malvern, Pennsylvania

Malcolm Conner is a Corporate Council Member of the Children's Hospital of Philadelphia. Malcolm is a visionary, innovative, decisive senior executive recognized for outstanding bottom-line results and a proven record of building world-class teams and results. Malcolm is a former Board member of the American Water Charitable Foundation and Chief Executive Advisor at Progressive Business. He holds an MBA from The Wharton School of Business, University of Pennsylvania.

[View](#) his LinkedIn profile.



Ardis Loeber
Director

Watertown, Wisconsin

Ardis Loeber is a former Operations Leader of Bethesda. She retired in 2010 after 28 years of service. After retirement, Ardis became a contractor and filled critical leadership vacancies at Bethesda and assisted to turn around troubled services areas. Ardis has a daughter with developmental disabilities and is a guardian of an individual with disabilities. She is also a member of the Bethesda Auxiliary - Wisconsin Unit. Ardis holds a Bachelor's degree from Dana College.

[View](#) her LinkedIn profile.



Jim Rymarcsuk
Director

Bethesda, Maryland

Jim Rymarcsuk is a Distinguished Career Institute Fellow at Stanford University. He previously served as Chief Marketing & Strategy Officer for Honeywell Aerospace, a \$15 billion diversified industrial and technology company, where he was responsible for overall business strategy, strategic planning, growth, new product development, customer engagement, mergers and acquisitions and transformation to a digital leader. He held senior leadership positions with iRobot Corp. and Lockheed Martin Corp. He holds a Bachelor's degree in mechanical engineering and Master's degree in aerospace engineering from Stanford University, an MBA in Finance from Golden Gate University and a Master's degree in technology and public policy from MIT.

[View](#) his LinkedIn profile.



Christine Tricoli
Director

Bloomfield Hills, Michigan

Christine Tricoli is the Head of Human Resources at H.W. Kaufman Group, a global network of companies dedicated to shaping the insurance industry, located in Bloomfield Hills, Michigan. Christine's career has primarily focused on talent development, retention, engagement and culture. Christine has more than 20 years of experience in human resources working with Fortune 500 companies. Christine also serves as a Senior Executive Board Member at the Best Practice Institute. She holds an MBA and Bachelor's from Canisius College in Buffalo, NY.

[View](#) her LinkedIn profile.



Ellen Trytek
Director

Elm Grove, Wisconsin

Ellen Trytek is the Executive Marketing and Business Development Officer at WipFli, LLP. She is a dynamic, results-driven executive with outstanding success creating and delivering business and marketing strategies designed to drive profitable growth and revenue creation for professional services, consulting, and B2B service industries. She holds a Master's degree in Marketing from Northwestern University and a Bachelor's degree in Advertising, Marketing and Journalism from Marquette University.

[View](#) her LinkedIn profile.



J. Larry Tyler
Director

Sandy Springs, Georgia

J.Larry Tyler, FACHE, FHFMA, CMPE, is CEO and chairman of the Practical Governance Group in Atlanta. His organization includes consultants and academicians specializing in good governance and education of health care boards. Tyler began his professional career on the audit staff of Price Waterhouse and Co. and later founded Tyler & Company, which conducts executive-level searches for the health care industry. In 2013, Tyler & Company became part of Jackson Healthcare. Tyler earned his Master's degree in public accounting from Georgia State University and his Bachelor's degree in industrial management from the Georgia Institute of Technology.

[View](#) his LinkedIn profile.



John Wiktor
Director

Valparaiso, Indiana

John Wiktor is a partner at Horwood Marcus & Berk Chartered in Chicago and leads the firm's Trusts & Estates practice. John counsels charities and foundations on the complex world of charitable planning. He works with entities ranging from large public charities to sophisticated private family foundations and simple grant-making organizations, helping them navigate issues related to governance, tax and the structure of gift agreements. He also partners with donors on estate planning to learn their charitable motivations and helps to ensure their legacies live on after death. John earned his law degree from Loyola University Chicago School of Law and his bachelor's degree from the University of Michigan.

[View](#) his LinkedIn profile.

NATHANIEL W. SEBOK, AIA, LEED AP

PRINCIPAL

Nathaniel Sebok, a principal with Mogavero Architects, is passionate about the firm's goal of community building. With twenty years experience, he enjoys integrating sustainable strategies into projects to create a holistic design. His broad scope of project experience ranges from institutional to multifamily and mixed-use retail. Mr. Sebok and his design team excel with unifying a building's interior, exterior and site design, resulting in award-winning projects.

Mr. Sebok holds a Bachelor of Architecture and Masters of Business Administration from Cal Poly San Luis Obispo, and is active in the local Sacramento community as a member of the Urban Land Institute.



PROJECT EXPERIENCE MULTIFAMILY

MAIN STREET, ROSEVILLE, CA

65 affordable multifamily residencies in two 4-story buildings including offices and 3,000 sf of retail space.

T STREET APARTMENTS, SACRAMENTO, CA

11-unit infill apartment building and renovation of traditional existing home in downtown Sacramento.

CAPITOL YARDS, WEST SACRAMENTO, CA

280-unit market rate apartment project, including a 6,000 sf clubhouse with extensive site amenities. Winner of the NAHB Platinum Award for Best Multifamily Project in the U.S. (4-stories or less).

THE ARBORS AT OAK PARK, SACRAMENTO, CA

A mixed-use 56 unit senior apartment complex with ground floor retail.

COLDSTREAM APARTMENTS, TRUCKEE, CA

48-unit apartment complex located in the Sierra Nevada mountains.

MEADOW VIEW PLACE, TRUCKEE, CA

56-unit affordable apartment complex tucked in a wooded hillside in the Lake Tahoe area.

7TH & H MIXED-USE RESIDENTIAL TOWER, SACRAMENTO, CA

An 8-story tower on an urban infill site with affordable housing for special needs population, including a clinic for residents and neighborhood retail. Consultant coordination and document development.

UNIVERSITY OF CALIFORNIA, DAVIS TERCERO STUDENT HOUSING, PHASE II

Programming and design services for the second phase of a 600 bed modern, dormitory-style housing for UC Davis students.

THE RENAISSANCE AT PARC GROVE, FRESNO, CA

40-unit affordable apartment complex for veterans.

ROCHDALE GRANGE, WOODLAND, CA

A 2-story, 42-unit apartment complex with a community building.

RETAIL

RUHSTALLER TAP ROOM, SACRAMENTO, CA

Tenant improvement of a local Sacramento Brewery.

CSU SACRAMENTO DINING COMMONS, SACRAMENTO, CA

Renovation, expansion and rebranding of the student dining facility located on the CSUS campus.

CIVIC / MEDICAL

MCKINLEY VILLAGE RECREATION CENTER, SACRAMENTO, CA

4,200 sf recreation center for a community of 328 homes. Winner of the NAHB Award for Best Community Amenity in the Nation.

BROOKFIELD SCHOOL, SACRAMENTO, CA

A private, K-8 school emphasizing sustainable design and net zero energy use.

PROJECT EXPERIENCE

CIVIC / MEDICAL (CONTINUED)

PLEASANT VALLEY RECREATION AND PARK DISTRICT, CAMARILLO, CA

Needs assessment and programming for a community center and senior facility.

NATOMAS PARK CLUBHOUSE, SACRAMENTO, CA

Remodel and improvement of the Natomas Park Homeowners Association's 15,000 sf clubhouse. Guided the Association through the development process and assisted with community outreach.

SIERRA IMAGING CENTER, CLOVIS, CA

Tenant improvement to accommodate medical scanning equipment.

SUTTER ROSEVILLE HOSPITAL COMPLEX, ROSEVILLE, CA

Participated in an array of projects, including a new neonatal intensive care unit. Designer and project manager, including OSHPD coordination.

EDUCATION:

- Masters in Business Administration, California Polytechnic State University San Luis Obispo 2002
- Bachelor of Architecture California Polytechnic State University San Luis Obispo 2001

PROFESSIONAL CERTIFICATION &

MEMBERSHIPS:

- Architect, California 2005 License No. C30330
- Member AIA
- LEED Accredited Professional

- Member, Urban Land Institute
- Prequalified Architectural Submittal System (PASS) Certified

AWARDS

- PCBC Gold Nugget 2017
- NAHB Platinum Award 2017; Best 4-Story Multi-family in the Nation
- NAHB 2017; Best Residential Amenity

LECTURES AND PUBLICATIONS:

- "Low Hanging Fruit: Initial Steps to Greening Your Building", Round table facilitator, ICSC National Green Retail Conference

CONTACT

1331 T STREET
SACRAMENTO, CA 95811
(916) 443-1033
nsebok@mogaveroarchitects.com

RENNER JOHNSTON, AIA, LEED AP

PRINCIPAL

Renner became passionate about architecture while working in Europe and returned to the U.S. for a Masters in Architecture at the University of Oregon.

With Mogavero Architects since 1997, Renner shares the firm's long commitment to green sustainable design. As Principal, he has designed and managed projects including infill, affordable and market rate housing, mixed-use, urban design and large solar arrays.

Renner has also worked on several master planning projects including, the Mather Campus Vision plan, Grass Valley Workforce Housing plan and the Baechtel Charrette for the City of Willits.



PROJECT EXPERIENCE

7TH & H STREETS MIXED-USE RESIDENTIAL TOWER, SACRAMENTO, CA

A Downtown Sacramento 8-story tower with affordable housing for the special needs population, including a clinic for residents and neighborhood retail. Project Manager for Mercy Housing California.

WEST GATEWAY PLACE, WEST SACRAMENTO, CA

LEED-Silver Certified, multifamily affordable mixed-use 4-story buildings with 77 residences over retail. 2017 NAHB Best in American Living, Platinum, Multifamily Affordable category.

MATHER VETERAN'S VILLAGE, SACRAMENTO, CA

50 affordable permanent supportive residences for Veterans, with full Solar PV, Solar Thermal and Greywater System. Phase II renovates a 20,000 sf infirmary building to include community space and senior services. Building is designed to be net zero.

MARINA VISTA / ALDER GROVE VISION PLAN, SACRAMENTO, CA

Architectural Vision Plan for the redevelopment of 719 public housing residential units. Extensive public outreach and visioning process for development.

SIERRA VILLAGE PHASES I & II, DINUBA, CA

Solar-powered community for Self-Help Enterprises with 100 affordable family residences and a community building.

ZETTIE MILLER'S HAVEN, STOCKTON, CA

Solar-powered special needs community for people with disabilities, with 82 elevator-accessible affordable residences.

PALM TERRACE, LINDSAY, CA

50-unit affordable community includes sustainability greywater recycling and water conservation measures. The extensive solar arrays make it a virtual Net Zero Energy project.

CORNET BUILDING RENOVATION & RESIDENCES AT OLD TOWN KERN, BAKERSFIELD, CA

Renovation for the Housing Authority of a mid-century modern history building as a community center with residences on upper floor. Project included five 3-story buildings with affordable residences.

UC DAVIS CUARTO DINING HALL, UC DAVIS CAMPUS, CA

Design-Build and complete renovation. Completed in Spring 2010 with LEED-Silver.

MATHER CAMPUS VISION PLAN, SACRAMENTO, CA

Developed design concepts for a 31 acre campus for SHRA and the Federal Department of Health Administration.

SMUD PV & HYDROGEN FACILITIES, SACRAMENTO, CA

Design of a solar-powered hydrogen refueling facility, and public education area for learning about hydrogen and fuel cell vehicles.

COLONIA SAN MARTIN, SACRAMENTO, CA

60 units of affordable apartments for Mercy Housing and the AIDS Housing Alliance that feature many green components: Solar PV and Solar Thermal, day-lighting, 25% better than California energy code. Nominated for California Stormwater Quality award.

PROJECT EXPERIENCE (CONTINUED)

THE GALLERY, DAVIS, CA

A mixed-use, residential over café demonstration project for LJ Urban to showcase green design and technology.

LIBRARY LOFTS, DOWNTOWN SACRAMENTO, CA

21 stories, including 295 condos, 35,000 sf office and 15,000 sf retail, and 450-space garage. Concept design for D.R. Horton.

CORDOVA CITY CENTER, RANCHO CORDOVA, CA

206 family townhouse units and 75 independent living senior units with a mixed-use component of 11,000 sf retail and 30,000 sf office.

ALMADEN CAMPUS SOLAR PROJECT, SANTA CLARA, CA

200-KW solar panel administration building addition and solar shelter project. Designed as a showpiece to highlight the District's commitment to sustainable energy.

GRASS VALLEY WORKFORCE HOUSING, GRASS VALLEY, CA

Developed a series of prototype housing designs for three infill sites with difficult terrain.

DESIGN CHARRETTE FOR BAECHEL ROAD, WILLITS, CA

Week-long Charrette to develop a series of development options along a new road alignment for the City of Willits.

ALBERTSON'S LAKE SHORE AVENUE, OAKLAND, CA

Concept design for renovation of a complex infill site and parking structure expansion.

LAVE RESIDENCE, PAJARO DUNES, SANTA CRUZ COUNTY, CA

3-story Beach House, including Coastal Commission review.

LEXINGTON APARTMENTS, DAVIS, CA

\$17 million in new construction of a 3-story, 120-unit apartment building above 3,100 sf of retail and commercial space. Winner of Gold Nugget Award, PCBC.

FAIRFIELD TRANSIT PROJECTS, FAIRFIELD, CA

3 multi-modal transit facilities on infill sites. Prepared designs for the City of Fairfield Park & Ride Expansions. The Red Top Road and Fairfield Transportation Center expansions were constructed.

CASCADE APARTMENTS, SACRAMENTO, CA

74-unit apartment complex renovation and addition of a new solar-powered community building.

CARRINGTON CIRCLE APARTMENTS, SACRAMENTO, CA

78-unit apartment complex renovation totaling 43,800 sf with a 2,000 sf community building.

EDUCATION

- Masters in Architecture, University of Oregon 1996
- Architecture & Drawing Courses, Fachhochschule, Vochshochschule & Goethe Institute, Dusseldorf & Duisburg, Germany 1991-92
- BA, Philosophy with Honors, Connecticut College 1989
- University of Edinburgh, Edinburgh, Scotland 1987-88 Year Abroad

PROFESSIONAL CERTIFICATION & MEMBERSHIPS

- Architect, California, C28934
- AIA Member
- LEED Accredited Professional
- Prequalified Architectural Submittal System (PASS) Certified
- Environmental Council of Sacramento, Former Board Member
- GOETHE INSTITUTE - Duisburg, Germany, Certificate 1991
- Fluent in spoken German

LECTURES & PUBLICATIONS

- "Greywater in Multi-Family," Housing California 2016
- "Navigating the New T-24," Housing California 2014
- "Seniors in the City," Leading Age 2013
- "Doing it Without RDA," CALFHA 2012
- "Building 7th & H," AIACV 2012
- "Green Architecture," Lecturer, UC Davis Extension 2006 - 2013
- "Community By Design," Speaker, Housing California 2009 & CRA 2009
- "A Ray of Light: Using MSHA Funding" Speaker, CRA Conference 2008
- "Measuring Green" Speaker Lorman Seminars, Stockton, CA 2008
- "Architecture and Green Business Practices," UC Davis Graduate School of Management 2008
- "LEED-Existing Buildings," Speaker, Institute for Real Estate Management 2008

- "Green Building Climate Action Team," Advisory Group for the State of California 2008

PROFESSIONAL AND COMMUNITY ACTIVITIES

- U.S. Green Building Council NCC, Former Chair, Sacramento Branch
- Green Architecture Instructor, UC Davis Extension Program 2015-17

CONTACT

1331 T Street
Sacramento, CA 95811
(916) 443.1033
rjohnston@mogaveroarchitects.com

MATTHEW WIETRICK

ARCHITECTURAL DESIGNER

As an architectural designer, Matthew is involved in early design phase through production of final construction documents, design detailing, and construction administration services. His 30 years of professional experience has spanned creative residential, commercial and community projects. While previously employed with Piches Architecture, Matthew worked with the City of Roseville on the “revitalization” of Downtown Roseville, including the design of architectural features for the Historic District and a series of monuments and signboards which depict places and events in the City’s history.

Matthew has been with Mogavero Architects since 2015 and has worked on numerous affordable housing projects throughout Central and Northern California.



PROJECT EXPERIENCE

SEQUOIA COMMONS PHASES 1 & 2 GOSHEN, CA

Solar-powered community with 128 affordable family residences and community building.

MAGIL TERRACE, FOWLER, CA

Solar-powered net zero community with 60 affordable family residences and community building.

SIERRA VILLAGE PHASES 1 & 2, DINUBA, CA

Solar-powered community with 100 affordable family residences and a community building.

THE LOHSE APARTMENTS, ROSEVILLE, CA

A mixed-use 5-story concrete podium structure in Downtown Roseville with 58 units of affordable family housing, retail, common facilities, and underground parking.

PALM TERRACE, LINDSAY, CA PHASES 1 & 2

New 50 unit affordable community including sustainability features including graywater recycling and water conservation measures. The extensive solar arrays on each building make Palm Terrace a virtual Net Zero Energy project.

UNIVERSITY CALIFORNIA, WEBSTER HALL REDEVELOPMENT, DAVIS, CA

This 367-bed Student Housing Project is comprised of 7 floor communities in a four story building in the Cuarto neighborhood.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO DINING COMMONS, SACRAMENTO, CA

Design and construction documentation for the \$1.3M dining hall renovation on the CSUS Campus.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO RIVERFRONT CENTER, SACRAMENTO, CA

This is the first phase of construction as a part of a multi-phase master planned conversion from a traditional cafeteria style facility to a contemporary thematic platform dining commons and the retail dining court.

LAND ARCHITECTURE BUILDING, SACRAMENTO, CA

Conversion of a popular dining establishment into an office for a landscape architectural firm. AIA Award Winner.

STORYBOOK COTTAGE DAYCARE, WEST SACRAMENTO, CA

Repurposing a 3000 square foot building into a cottage style facility for children and their teachers.

EDUCATION

California State University, Sacramento
BA, Education
Teacher Credential Program

CONTACT

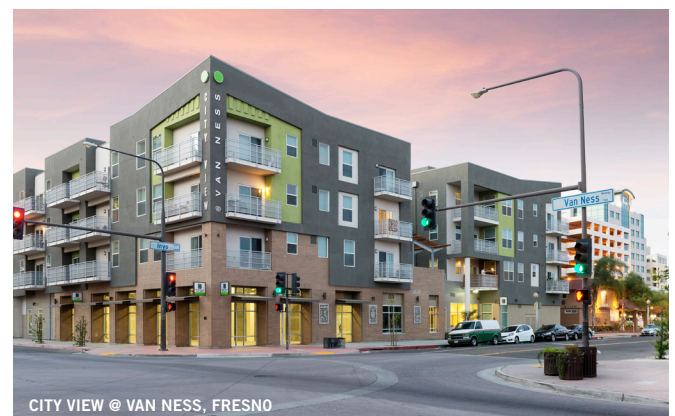
1331 T Street
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(916) 443-1033
mwietrick@mogaveroarchitects.com

AFFORDABLE HOUSING EXPERIENCE

Over the firm's thirty year history, Mogavero Architects has designed over 4,000 high quality affordable housing units with Housing Authorities and affordable housing developers throughout California. We have completed numerous projects utilizing HUD funding, LIHTC, CalHFA, HUD Rural Development/USDA, AHSC, and other state and federal sources. Often, our projects have half a dozen funding sources, each with its own design requirements.

CLIENT LIST IN THE PAST 5 YEARS

- CFY Development, Inc.
- Community HousingWorks
- Eden Housing
- Fresno Housing Authority
- Mercy Housing California
- Meta Housing Corporation
- MidPen Housing
- Mutual Housing California
- Neighborhood Partners, LLC
- Palm Communities
- The Related Companies of California
- Sacramento Housing and Redevelopment Agency
- Self Help Enterprises
- Services First (Stockton)
- Volunteers of America National Services (VOANS)
- Yolo County Housing Authority



PROJECTS

- Bartlett Commons, Davis - LIHTC
- Circle S Project, San Pablo
- Coldstream Commons, Truckee - HUD, AHSC
- Fontana Avenue, Stockton - LIHTC
- Gateway Village, Fairfield
- Goshen Village, Visalia - State & Fed Tax, HOME Fund
- The Lohse Apartments, Roseville - LIHTC
- Magill Terrace, Fowler - HUD
- Main Street Plaza, Roseville - HUD
- Maple Park Seniors, Live Oak
- Meadow View Place, Truckee - AHSC
- Palm Terrace, Lindsay - LIHTC, AHSC
- Renaissance at Parc Grove, Fresno - HUD
- Sierra Village, Dinuba - LIHTC, AHSC
- Sierra Vista, Stockton - LIHTC, HUD
- Sonora Street, Stockton - LIHTC
- Southside Park Cohousing, Sacramento
- Vietnam Veterans, Sacramento
- Village One, Modesto
- West Beamer Place, Woodland
- The Woodlands, Redding
- Zettie Miller's Haven, Stockton - LIHTC





MAPLE PARK

LIVE OAK, CALIFORNIA

Agricultural vernacular is expressed in the 3 story buildings.

AFFORDABLE FAMILY HOUSING

Tucked away in rural Live Oak in Sutter County, 30 wartime-era affordable housing units were falling apart and slowly being abandoned. Once determined that rehabilitation was unfeasible, the site was transformed, providing 56 units of affordable family housing in 3 story buildings surrounded by a pedestrian friendly loop road, complemented by central open space and a community building.

An agricultural vernacular is expressed in the buildings with expansive shed roofs, citrus accent colors and a playful mix of siding patterns. Garden areas and courtyards allow residents to grow their own food, socialize and build community.

The project consists of 2, 3, and 4 bedroom units with

a central community building that contains a daycare facility for preschoolers. Each unit has storage, a private patio or balcony, and a washer/dryer. The buildings face narrow, pedestrian friendly streets and create park-like courts of various sizes. Parking is tucked under the buildings and does not dominate the site.

Given the lack of municipal storm drainage, all runoff is retained and allowed to infiltrate the site, and numerous green features are incorporated into the design.

The site plan was designed to create a centrally located community space with a new community building as the focal point. Outdoor open spaces located near existing trees have become small courts that subdivide the site into smaller communities.

Gum Street, previously a dead end, has been extended through the site to create a stronger connection with the surrounding neighborhood. The private narrow driveway-like loop slows cars and creates a safe pedestrian oriented space. All unit entries are visible from the street and create focal points for informal interaction and gathering.



SPECIALIZED APPROACHES

- Energy efficient design - exceeds California's Title 24 requirements by 26 to 30 percent
- Designed as a Net Zero Community with future solar hot water and photovoltaic for residential and common buildings
- Build it Green - Green Point Rated at 118 pts.
- Infill site
- Natural daylighting & ventilation features
- Formaldehyde free recycled content insulation
- 40% recycled content, low VOC, formaldehyde, programs implemented throughout the project
- High mass floor design with resilient flooring over concrete or gypcrete
- 100% storm water retention on-site
- Recycled content, CRI carpet, green labeled for indoor air quality

RECOGNITION

- AIA Central Valley Design Honor Award, 2013
- Gold Nugget Award of Merit, PCBC, 2014
- Builder's Choice Award, Hanley Wood, 2014



OWNER/DEVELOPER:

Regional Housing Authority of Sutter and Nevada Counties in Collaboration with CHIP

ARCHITECT:

Mogavero Architects

CONSULTANTS:

Civil: Northstar Engineering
Structural: Miyamoto International
MEP: Peters Engineering
Landscape: Quadriga
Geotech: Holdrege & Kull

GENERAL CONTRACTOR:

Sunseri Construction

SITE DATA:

Acres: 3.33
Square Feet: 77,993
56 Units
Density: 23 Units/acre

PREVIOUS USE OF SITE:

Affordable Apartments

AMENITIES:

Private patios/balconies/storage,
Washer/dryer, basketball court, play structure, raised garden beds, tuck-under parking

CONSTRUCTION START DATE:

November 2011

DATE OF COMPLETION

February 2013

PROJECT REFERENCE:

Gustavo Becerra
Manager - Planning and Community Development Department Regional Housing Authority of Sutter and Nevada County
1445 Butte House Road
Yuba City, CA 95993
(530) 671-0220



BARTLETT COMMONS

THE CANNERY, DAVIS, CALIFORNIA

A focus on an ecological and bicycle friendly environment.

**BEST IN
AMERICAN
LIVING
AWARDS**

**2018 WINNER
GOLD**



■ AFFORDABLE LIVING IN A SUSTAINABLE COMMUNITY

As part of California's first farm-to-table community in Davis, residents benefit from the amenities in the immediate area. Public parks, bike and walking pathways, and a working 7-acre farm are available to tenants; and the adjacent market and Town Center are easily accessible for restaurants and shopping.

The Bartlett Commons' affordable one, two and three bedroom apartments, feature 62 rental units. The 2,000 square foot community building with on-site property management, fitness room, classroom and laundry facilities opens to a central courtyard with a playground for children.

In line with Davis' sustainability and environmental focus, The Cannery community began with low-impact land use. The site is the former home of the Hunt-Wesson Tomato Cannery, and its central location is just minutes from UC Davis and downtown.

The urban farm surrounding the neighborhood provides residents and local restaurants with fresh seasonal produce, and with help from the Center for Land Based Learning, provides agriculture classes to beginning farmers.

Half the units in the project are accessible by applying Universal Design principles and installing an elevator and breezeways between buildings.

The proximity to the City of Davis' network of bicycle and pedestrian paths make it easy for residents to maneuver through the area, providing for less vehicle use. The project exceeds the requirement of one bicycle parking space per bedroom, and provides a variety of parking options for bikes with carts.

The buildings are designed with tuck-under parking that shield the view of parking from the surrounding neighborhood.

SPECIALIZED APPROACHES

- Dense urban development at 36 units/acre
- 138 Bicycle parking spaces with 24 additional at vehicle parking area
- Electric vehicle charging stations
- 126 Kwh PV solar system providing for 50% of total yearly energy demand
- High performance envelope
- 23 - 26% better than 2013 T24
- CAL GREEN TIER 1
- GreenPoint Rated at 163 PLATINUM
- Offsite stormwater quality mitigation
- Universal Design features for accessibility and visitability
- Heat island effect with covered parking, pervious pavement and tree planting



OWNER/BUILDER:
Ali Youssefi
CFY Development, Inc.

ARCHITECT:
Mogavero Architects

CIVIL ENGINEER:
Carlson, Barbee & Gibson

LANDSCAPE ARCHITECT:
Siegfried Engineering

GEOTECHNICAL ENGINEER:
Wallace-Kuhl & Associates

STRUCTURAL ENGINEER:
Meridian Structural Engineers

MECHANICAL ENGINEER:
Alexander Scheflo & Associates

ELECTRICAL ENGINEER:
HCS Engineering

SITE AREA/UNIT COUNT:
1.69 Acres/62 Units

COMMUNITY BUILDING:
2000 Square Feet

PROJECT COST:
\$12 Million

COMPLETED:
January 2018

AWARDS:
2019 Gold Nugget Grand Award
Best Affordable Housing Community
(30 - 60 du/acre)
Pacific Coast Builders Conference

2018 Best Real Estate Project
Sacramento Business Journal

2018 Best in American Living
GOLD Affordable, Multifamily
National Association of Home Builders



mogavero
ARCHITECTS

SIERRA VILLAGE PHASE I

DINUBA, CALIFORNIA

Energy and transportation friendly community for area farmworkers and their families.

■ SOLAR POWERED

Sierra Village is a highly energy-efficient and transit-friendly project in the farmworker community of Dinuba, California. The 44 affordable apartment rental housing includes one, two and three bedroom units, with a 3,000 sq. ft. community building, playground, and open space for residents.

Sustainable features include solar PV, water conservation measures, and a vanpool program in partnership with the California Vanpool Authority that will transport residents from Sierra Village and the surrounding community to and from work.

The project's solar panel system will offset the power used in the common area, residential loads, and community

center, making Sierra Village a grid neutral Zero Net Energy project. This results in reduced utility bills for residents and the property, while also reducing greenhouse gas emissions and air pollution.

The community building features a computer lab, which will be available to adults and children for schoolwork and educational activities. Resident service programs are also offered to enhance the everyday lives and futures of the residents. These programs include financial fitness classes, computer literacy classes, nutrition classes, English as a second language (ESL) classes, and adult fitness classes

(CONTINUED FROM FRONT)

Sierra Village was financed through a combination of HOME funds, Affordable Housing and Sustainable Communities (AHSC) program funds, and low-income housing tax credits.

The second phase of the project will include an additional 60 units of affordable rental housing expected to be completed in the summer of 2019.



SPECIALIZED APPROACHES

- Infill Development
- Solar PV
- Net Zero Energy
- Tuck under parking
- GreenPoint Rated
- Low water landscape
- Vanpool program for residents



OWNER/DEVELOPER:
Self-Help Enterprises

ARCHITECT:
Mogavero Architects

LANDSCAPE ARCHITECT:
Urban Tree Foundation

CIVIL ENGINEER:
Civil Design Studio

STRUCTURAL ENGINEER:
Harris & Sloan Consulting Group

MECHANICAL, ELECTRICAL & PLUMBING ENGINEER:
Stanton Engineering

UNITS/MIX:
44 Affordable rental apartments
1, 2, and 3 bedroom

COST:
9.5 Million

COMPLETED:
Summer 2018



THE WOODLANDS

REDDING, CALIFORNIA

Nearby wetland and wooded areas provide scenic elements for this 55 unit apartment community in Redding.

■ NATURE AS A BACKDROP

Nestled between an established neighborhood, the ACID canal and a light industrial area the infill site between Grange and Ellis provides a great location for family housing.

The naturally wooded site, with adjacent wetland area offers a scenic backdrop. Working from vernacular building designs, the homes seek to fit comfortably in this natural setting using colors and materials which blend with the surroundings.

In an effort to appear more like a residential neighborhood the apartment units are clustered together to form a “Big House” as seen from Polk Street. A single entry on the

ground floor, with a generous front porch engages the community promoting activity on the street. The porch is big enough for chairs and tables or even a porch swing.

Fences are set back in between the buildings with side entries to units similar to larger homes. Amenities include a pool, recreation area and picnic space. The outdoor park and play areas in front of the community center are open to the public and encourage informal gatherings between friends and neighbors.

SPECIALIZED APPROACHES

- Energy Efficient Design exceeds CA Title 24 2008 by 40%
- LEED for Homes Gold
- Natural daylighting and ventilation features
- Low-E dual pane glazed windows
- Formaldehyde free recycled content insulation
- Low VOC flooring and paint
- Construction and demolition waste program
- High Mass floor design



OWNER/DEVELOPER:
Palm Communities

ARCHITECT:
Mogavero Architects

CONSULTANTS:
Civil: Northstar Engineering
Structural: Harris & Sloan Consulting
Mechanical/Plumbing/Electrical:
Stanton Engineering
Landscape: Melton Design Group

GENERAL CONTRACTOR:
Gifford Construction

SITE DATA:
55 Units
5.92 Acres
11.8 Units/acre

PREVIOUS USE OF SITE:
Undeveloped

CONSTRUCTION START:
December 2013

PROJECT COMPLETED:
March 2017

LEED FOR HOMES
Gold Certified



ZETTIE MILLER'S HAVEN

STOCKTON, CALIFORNIA

Permanent housing for people with developmental disabilities, mental illness, or long term chronic illness.

CARE FOR SENIORS

Zettie Miller's Haven is a special needs housing development located on approximately 2.15 acres behind the Union Southern Baptist Church at 1545 Rosemarie Lane in Stockton, California. The project provides permanent housing for people with a disability.

The resident mix includes three special needs populations: people with developmental disabilities, people with mental illness, and people with long term chronic illnesses with an emphasis on seniors.

The buildings are generally three stories with "tuck-under" parking at the ground floor of the western and southern buildings. Tuck-under vehicle parking allows the site to be less dominated by parking, and shades many of the parking spaces.

The buildings are oriented around a common green that serves as a central focus for the entire community. A south facing terrace that is slightly elevated, looks over the green and provide for a tranquil sitting area.





SPECIALIZED APPROACHES

- Energy efficient design exceeds California's Title 24 requirements by 15 percent
- GreenPoint Rated Gold
- Under-utilized infill location with existing transportation and services
- Uses landscaped bio-swales to reduce and improve quality of storm water run off
- Uses "parking-sharing" by taking advantage of the staggered schedules of the adjacent church and management staff
- Energy Star appliances
- Building geometry allows most of the units to have natural ventilation
- Provides natural daylight on 2 sides of more than 75% of the residences
- Careful placement of shading devices to minimize heat gain from sunlight
- Roof geometry allows for solar PV panels
- 225 KW PV system generates most resident needs
- Low VOC finishes



OWNER/DEVELOPER:

Community Housing Development Group, LLC

ARCHITECT:

Mogavero Architects

CONSULTANTS:

Civil: Baumbach & Piazza

GENERAL CONTRACTOR:

Sunseri Construction

TOTAL SITE AREA:

Acres: 2.15
Square Feet: 93,500

PREVIOUS USE OF SITE:

Vacant Infill Site

RESIDENT PROFILE:

Seniors and Special Needs

OF UNITS / DENSITY:

38 Units/Acre
Parking: .25 Spaces/Unit

UNIT SIZE:

(78) 1 Bedroom/1 Bath
(4) 2 Bedroom/1 Bath
Square Feet: 650-850

CONSTRUCTION DETAILS:

Type V, 1 HR

PROJECT BUDGET:

\$9.2 Million

DATE OF COMPLETION:

Spring 2016



BROWN
CONSTRUCTION
INCORPORATED



FIRM PROFILE & EXPERIENCE

CORNERSTONE VILLAGE

FIRM PROFILE

HISTORY

Brown Construction was founded by William (Bill) T. Brown in 1964, constructing primarily multifamily housing. The company officially incorporated in the State of California in 1971. In 1988, Ron T. Brown joined in partnership with his father to expand into commercial construction. Bill and Ron co-owned Brown Construction, Inc. until 2002 at which time Bill retired his ownership in the company and sold his interest to Ron.

Ron Brown is a Licensed General Contractor in the States of California, Arizona, Nevada, Washington, Colorado, Texas, Idaho and Montana. With his extensive background in multifamily, commercial, and industrial projects, he has nurtured the growth of Brown Construction into a large company.

Brown Construction, Inc. has two executive vice presidents who oversee our projects and hold a minority share of the company—Matt DeFazio and Liz McCapes. Liz has been with Brown for 31 years, Matt for 23 years. They are both hands-on with their respective projects, taking an active role in overseeing both the preconstruction and construction processes.

Brown Construction, Inc. has a broad portfolio of experience—spanning commercial, multifamily, academic, and civic market sectors—for both public and private owners. The majority of our work has been construction of multifamily housing and office/administrative buildings. We also have a strong portfolio of civic projects, industrial facilities and retail developments.

AS A COMPANY, BROWN SPECIALIZES IN PROJECT DELIVERY WHERE WE ARE INVOLVED FROM THE DESIGN STAGE, WITH APPROXIMATELY 85% OF OUR PROJECTS BEING DESIGN-BUILD/DESIGN-ASSIST, NEGOTIATED PROJECTS.

PHILOSOPHY

Brown Construction, Inc. is built on values. Under the leadership of Ron Brown, the entire team at Brown Construction focuses on client needs and resources every bit as much as designs and materials. From start to finish, our projects move forward in our clients' best interests.

WE BUILD ON OVER 56 YEARS OF INDUSTRY EXPERTISE EVERY TIME WE BREAK GROUND. BUT OUR REAL FOUNDATION IS IN THE TRUST WE DEVELOP THROUGH RESPECT AND PARTNERSHIP WITH OUR CLIENTS.

Our involvement in construction goes beyond the structures we build. We care deeply about the neighborhoods and the environment in which we build, about enhancing communities, and about adding buildings with a purpose. Part of our design process for each project is understanding the dynamics of the community and what will help it to thrive after construction crews are gone.

Communication with our clients is a top priority—not only will you be kept informed, but your active involvement is welcomed. Throughout all project phases, team members participate in

NAME

Brown Construction, Inc.

ADDRESS

1465 Enterprise Boulevard
West Sacramento, CA 95691

PHONE

916-373-9300

WEBSITE

www.brown-construction.com

EXECUTIVE OFFICERS

Ron Brown, President & CEO
Matt DeFazio, Executive VP
Liz McCapes, Executive VP

YEAR ESTABLISHED

1964

LICENSE

Contractor Class B
no. 396120

FIRM PROFILE

CONTINUED: PHILOSOPHY

meetings, progress reviews, subcontract administration, and quality control. After our buildings are occupied, we stay involved and available to resolve any issues and questions that may arise.

Brown Construction builds both negotiated and hard-bid projects for public and private sector clients. Our current roster of projects includes mixed-use facilities, market rate and affordable multifamily housing, senior communities, student housing, commercial office buildings, retail developments, and government facilities. We dedicate ourselves to approximately 20 projects per year, and we are fortunate to be able to be selective in the mix of projects we build at any given time. We maintain diversity in our workload which has contributed to the success and stability of the company over the last 56 years.

OUR EXPERT STAFF ARE NURTURED THROUGH CONTINUED EDUCATION AND TRAINING, AND THE HIGHEST SAFETY STANDARDS IN THE INDUSTRY, WHICH IS WHY MANY OF OUR STAFF HAVE SPENT DECADES WITH BROWN CONSTRUCTION.

Our company culture is highly collaborative, transparent, and honest; and as such, our staff gain knowledge of best practices from a variety of project types through regular all-team meetings.

AFFORDABLE HOUSING EXPERIENCE

Brown Construction has been building affordable multifamily housing—publicly- and privately-funded—as a primary line of business in California for more than 56 years. Projects have ranged in size from eight to 360 living units, and most have involved multi-layered government financing. Our staff are highly experienced with the unique requirements of projects with these types of financing, and have decades of experience managing the reporting, target participation outreach, and wages oversight required.

OUR PORTFOLIO INCLUDES OVER 8,000 UNITS OF AFFORDABLE HOUSING FOR CLIENTS SUCH AS EDEN HOUSING, MERCY HOUSING, NEIGHBORHOOD PARTNERS, SELF-HELP ENTERPRISES, DOMUS DEVELOPMENT, AND NUMEROUS LOCAL HOUSING AUTHORITIES.

To better demonstrate our experience, the following pages provide highlights of some of our more recent affordable housing projects.

SERVICES

- General Contracting
- Construction Management CM/GC
- Design-build
- Design-assist

EXPERTISE

- Housing
 - Multifamily
 - Market-rate
 - Affordable
 - Student
 - Senior
 - Mixed-use
- Commercial
 - Office
 - Retail
 - Industrial
 - Community
- Academic
 - K-12
 - Higher Education
- Civic
 - Government
 - Public Spaces

RELEVANT EXPERIENCE

AFFORDABLE HOUSING PROJECTS LAST 5 YEARS

JSC *John Stewart Co. involved as client or partner*

MA *Mogavero Architects involved as architect*

Coral Gables | Sacramento, California **JSC** **MA**

Client: John Stewart Co.

33,000 SF; construction of three new 3-story walk-up buildings, one with tuck-under parking, housing 38 units, plus a single-story clubhouse; currently in preconstruction



Villa Jardin | Sacramento, California **JSC** **MA**

Client: John Stewart Co.

31,000 SF; complete interior, exterior, and site renovation of eleven 2-story buildings built in the 1960s comprising 44 units; currently in preconstruction

Heritage Commons Phase 3 | Dixon, California **JSC**

Client: Neighborhood Partners, LLC

29,000 square feet; 44 affordable units for seniors in four 3-story Type V slab-on-grade garden-style walk-up buildings plus carports on a 1.14-acre site; Brown built phases I and II previously which include 114 units, a community building, pool, courtyard, and community gardens on a 4-acre site; currently under construction

Veterans Square | Pittsburg, California

Client: Satellite Affordable Housing Associates

30,000-SF, 3-story, Type VB, urban infill apartment building with 30 affordable units for veterans; 5,600 SF of community space including a community room with kitchen, lounge, and offices; project includes off-site surface parking lot with 30 spaces and landscaping; project targeting GreenPoint Rating with rooftop solar; currently under construction

Meadow View Place | Truckee, California **JSC** **MA**

Client: Neighborhood Partners, LLC

54,000-SF, Type V garden-style walk-up affordable housing community consisting of 56 units across seven 2-story buildings, plus a single-story community building; 3.2 acres of site development including surface parking; currently under construction

Coldstream Commons | Truckee, California **JSC** **MA**

Client: Neighborhood Partners, LLC

51,000-SF, Type V garden-style walk-up affordable housing community of 48 units across five 3-story buildings plus a single-story community building; 1.2 acres of site development including surface parking; currently under construction

Bay Point Family Apartments | Bay Point, California

Client: Meta Housing Corporation

223,000 SF; 193 affordable apartments across eight three-story garden-style buildings, with a community building, pool and pool facilities structure, covered and individual garage parking, playground, and barbecue areas, Green Point rating targeted with features including solar preheat for water; currently under construction

Solivita Commons | Clovis, California **MA**

Client: Fresno Housing Authority

64,000-SF Type V garden-style walk-up affordable apartment community of 60 units across six 2-story buildings including a community building; the 4-acre site includes community gardens, a playground, and carports with solar panels



Creekside Apartments | Davis, California **JSC**

Client: Neighborhood Partners, LLC

61,000 SF; 90 affordable housing units in 4 wood-framed buildings of 2, 3, and 4 stories, including a community center with kitchen and co-op store. The units—most of which are 1-bedroom—are targeted toward workforce and special needs tenants; with extensive rooftop solar and energy-efficient design, the development is targeting net-zero energy rating

RELEVANT EXPERIENCE

CONTINUED: AFFORDABLE HOUSING PROJECTS, LAST 5 YEARS

Villas on the Park | San Jose, California

Client: Affirmed Housing

62,000-SF affordable, single-resident occupancy (transitional housing) urban infill building with 84 units on a 0.4-acre site; 6 stories: 5 stories of Type IIIA over 1 story of Type IA; includes a rooftop deck and garden, and ground-floor garage

Renaissance at Parc Grove | Fresno, California

Client: Fresno Housing Authority

28,000 SF; Five 2-story wood-framed buildings including 40 one- and 2-bedroom apartments for homeless and disabled veterans; with a 4,000-SF community and social services center; site improvements including on-grade parking with site amenities



Littlejohn Commons | Alameda, California

Client: Housing Authority of the City of Alameda

29,000sf; 3-story urban-infill building housing 31 affordable apartments for seniors, plus a community room and kitchen; features a 600 kw/hr solar package.

Cranes Landing | Lodi, California

Client: Eden Housing, Inc.

60,000sf; senior apartment community with two 2-story buildings, 80 senior apartments and a community room; each building has a landscaped courtyard; site work includes a 40' pedestrian bridge connecting the community to a neighboring park; both buildings feature rooftop PV solar panels and solar hot water panels; targeting GreenPoint Rating

Cueva de Oso | Selma, California

Client: Fresno Housing Authority

Demolition of existing 25 units and construction of 5 new 2-story residential buildings housing 48 affordable 1-, 2-, 3-, and 4-bedroom apartments and a 3,000sf community building which includes a gym and computer lab; all living units include amenities comparable to market rate units in the community, including dishwashers and in-unit washers & dryers; 4.5-acre site includes a large play structure and picnic/barbecue area

March Veterans Village | Riverside, California

Client: Coachella Valley Housing Coalition

96,000 SF; two 3- and 4-story buildings housing 138 living units for veterans including transitional housing units for previously homeless veterans; community center on first floor features a community café, offices, and community flex-space; extensive site development includes a large, hardscaped, trellis-covered courtyard with multiuse areas, basketball courts, and a playground; street and surface lot

541 @ South Tower | Fresno, California

Client: Fresno Housing Authority

24,000 SF; six 2-story Type V buildings housing 31 affordable apartments, ground-floor live/work units, and a 1,000-SF community room with community kitchen and office; in-unit amenities comparable to market rate units, including dishwashers and clothes washers and dryers

Heritage Commons Phase 2 | Dixon, California

Client: Neighborhood Partners, LLC

40,000sf, five 3-story buildings with 54 affordable senior living units plus parking lot with carports (all amenities are in Phase I, also built by Brown Construction); Build It Green certified



TEAM RESUMES

LIZ MCCAPES | EXECUTIVE VICE PRESIDENT & PROJECT EXECUTIVE

Liz is executive vice president and a minority shareholder of the corporation. She has been with Brown Construction since 1989 and became part of the executive team in 2002. Liz has a deep portfolio of successful experience across a wide range of project types—from multifamily housing to large commercial projects and institutional developments, including schools. In the past ten years, she has specialized in multifamily projects including mixed use, market rate, affordable and senior living developments.

In her role as project executive, Liz's responsibilities include:

- Ensuring client satisfaction with the team's services, personnel, quality and contractual obligations
- Overseeing the project's progress and status
- Committing appropriate resources to meet project objectives
- Working with our estimating team to ensure the project incorporates effective and cost efficient means and methods
- Attending key meetings
- Being available to any member of the project team throughout the project and the warranty period, including owner representatives and project architect

EDUCATION

Bachelor of Arts, University of California, Davis, Davis, CA

RELEVANT EXPERIENCE

Liz has served as the project executive on all of the firm's affordable housing projects for over 25 years. As such, she has overseen and managed over 8,300 housing units, including the projects below.

Coral Gables | Sacramento, California  
33,000 SF; construction of three new 3-story walk-up buildings, one with tuck-under parking, housing 38 units, plus a single-story clubhouse; currently in preconstruction

Villa Jardin | Sacramento, California  
31,000 SF; complete interior, exterior, and site renovation of eleven 2-story buildings built in the 1960s comprising 44 units; currently in preconstruction

Coldstream Commons | Truckee, California  
51,000-SF, Type V garden-style walk-up affordable housing community of 48 units across five 3-story buildings plus a single-story community building; 1.2 acres of site development including surface parking

Meadow View Place | Truckee, California  
54,000-SF, Type V garden-style walk-up affordable housing community consisting of 56 units across seven 2-story buildings, plus a single-story community building; 3.2 acres of site development including surface parking



31 YEARS
experience in construction

18 YEARS
experience in current role

31 YEARS
experience with Brown

LOCATION

Brown Construction, Inc.
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EMAIL

lmccapes@brown-construction.com

TEAM RESUMES



36 YEARS
experience in construction

9 YEARS
experience in current role

12 YEARS
experience with Brown

LOCATION
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cnichols@brown-construction.com

COLLIN NICHOLS | DIRECTOR OF PRECONSTRUCTION

Collin has over 36 years of construction experience, including 28 years at the management level, and nine years as director of preconstruction. He has worked many sides of the construction industry, including work as a general contractor, subcontractor, and owner's representative. Collin has hands-on experience with both multifamily and commercial construction, including extensive preconstruction work with owners and architects. His multifamily projects include developments up to 652 units. Collin is highly detailed and organized, and an excellent communicator and liaison between our clients, our estimating department, design consultants, and subcontractors.

As director of preconstruction, Collin Nichols' responsibilities include:

- Management of estimating team, including MEP (mechanical/electrical/plumbing) design-build subcontractors through preconstruction
- Attending all design meetings and working with the design team to keep the project design within budget
- Evaluating cost-effective products and manufacturers
- Identifying cost-effective building systems
- Performing constructability reviews of construction drawings
- Working with the project manager throughout preconstruction to ensure smooth transition to construction phase

EDUCATION

Bachelor of Science, Construction Management; Minor in Business Administration
Sacramento State University, Sacramento, CA

RELEVANT EXPERIENCE

Coral Gables | Sacramento, California **JSC** **MA**
33,000 SF; construction of three new 3-story walk-up buildings, one with tuck-under parking, housing 38 units, plus a single-story clubhouse; currently in preconstruction

Villa Jardin | Sacramento, California **JSC** **MA**
31,000 SF; complete interior, exterior, and site renovation of eleven 2-story buildings built in the 1960s comprising 44 units; currently in preconstruction

Coldstream Commons | Truckee, California **JSC** **MA**
51,000-SF, Type V garden-style walk-up affordable housing community of 48 units across five 3-story buildings plus a single-story community building; 1.2 acres of site development including surface parking

Meadow View Place | Truckee, California **JSC** **MA**
54,000-SF, Type V garden-style walk-up affordable housing community consisting of 56 units across seven 2-story buildings, plus a single-story community building; 3.2 acres of site development including surface parking

TEAM RESUMES

STEVE NEISWONGER | PROJECT MANAGER

Steve has over four decades of experience in the construction industry, including over 20 years with Brown Construction. He has had a strong focus on affordable multifamily housing throughout his career. His architectural background is a tremendous asset on his projects, given our project approach that emphasizes teaming with the owner and architect. Steve has had great success managing a wide range of multi-family housing projects, focusing on controlling budget and schedule, while meeting the project's functional and aesthetic goals. He would be committed to your project 100% of his time for the entire duration of construction.

As project manager, Steve Neiswonger's responsibilities include:

- Working with the director of preconstruction as needed throughout preconstruction to ensure clear understanding of project
- Overseeing the construction project from start to finish
- Project planning, budgeting & identification of resources needed
- Accounting functions including managing the budget and minimizing exposure and risk in the project
- Ensuring construction activities progress according to the construction schedule
- Coordinating the efforts of all parties involved in the project including the architects, consultants, contractors, subcontractors and labor.

EDUCATION

Bachelor of Arts, Architecture, University of Arizona, Tucson, Arizona

RELEVANT EXPERIENCE

Solivita Commons | Clovis, California **MA**
64,000-SF Type V garden-style walk-up affordable apartment community of 60 units across six 2-story buildings including a community building; the 4-acre site includes community gardens, a playground, and carports with solar panels

Renaissance at Parc Grove | Fresno, California **MA**
28,000 SF; Five 2-story wood-framed buildings including 40 one- and 2-bedroom apartments for homeless and disabled veterans; with a 4,000-SF community and social services center; site improvements including on-grade parking with site amenities

Heritage Commons, Phases 1 and 2 | Dixon, California **JSC**
81,000 SF, eight 2- and 3- story buildings, includes 114 affordable living units and a 3,100-SF community building with kitchen, dining/gathering area, offices & co-op store

Creekside Apartments | Davis, California **JSC**
61,000 SF; 90 affordable housing units in 4 wood-framed buildings of 2, 3, and 4 stories, including a community center with kitchen and co-op store. The units—most of which are 1-bedroom—are targeted toward workforce and special needs tenants; with extensive rooftop solar and energy-efficient design, the development is targeting net-zero energy rating



43 YEARS
experience in construction

15 YEARS
experience in current role

22 YEARS
experience with Brown

LOCATION

Brown Construction, Inc.
Headquarters
1465 Enterprise Boulevard
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916-373-9300

EMAIL

sneiswonger@brown-construction.com



Founded in 1985, DGI has more than one hundred years of collective experience in the affordable housing industry. We specialize in using financial and development tools to finance and structure the development and preservation of affordable housing for low and very low-income households. Since our inception, DGI has been engaged in over 50 projects in the Greater Bay Area representing over 5,500 units of affordable housing.

Underwriting and financial feasibility analysis is core to who we are at DGI. Since our founding, we have underwritten over 200 developments. We have modeled a variety of project types, including most low-income housing subsidy programs overlaid with one another, as well as projects that include permanent supportive housing, commercial, market-rate and moderate-income rental and home ownership. Our extensive modeling experience allows us to evaluate risk, identify underlying vulnerabilities, and translate our findings into clear written recommendations. In addition to providing underwriting analysis, we also review environmental reports, evaluate property management plans, and analyze partnership agreements, audit reports, and operating proformas.

At DGI, we tailor our services to the varying needs of our clients, which include local government agencies and housing authorities, who rely on our expertise to determine financial feasibility for a variety of new construction and acquisition/rehab projects. We work closely with these clients to understand agency goals and directives so that we can ensure comprehensive analysis of submitted applications. In reviewing projects, we analyze options for alternative funding, identify any financial gap, evaluate affordability and determine whether the project is sufficiently leveraged. As a firm we have submitted over 60 TCAC and CDLAC applications, along with numerous other requests for local, state and federal financing, so we are familiar with the characteristics that make a strong and competitive application. Key to our analysis is understanding the regulatory requirements of each funding entity and the levers that can impact the development schedule. We are particularly adept at reconciling the underwriting requirements of private debt and equity financing with the limitations of state and federal regulations.

We also have a deep base of knowledge and experience with the State of California funding programs for affordable housing, as well as the local housing development resources. We have been in the forefront of nearly all Federal and state affordable housing program opportunities and has been able to structure hundreds of affordable housing projects to ensure their long-term viability. DGI has successful and long-standing working relationships with private equity and debt providers and we are current on all pricing, terms, and structuring concerns. We understand the unique challenges inherent in developing and financing housing in the San Francisco Bay Area with the high land, labor, and material costs, and the skyrocketing rents.

Devine & Gong - List of Affordable Housing Consulting Projects

Client	Property	Units	Location
Alternative Building Concepts	Sunny Manor	29	Phoenix, AZ
Asian Neighborhood Design	Connecticut Street Court	10	San Francisco, CA
Asian Neighborhood Design	555 Ellis Street	38	San Francisco, CA
Asian Neighborhood Design	Minna Street	22	San Francisco, CA
Bernal Heights Neighborhood Association	Coleridge Park	49	San Francisco, CA
Bernal Heights Neighborhood Association	Bernal Heights Gateway	55	San Francisco, CA
Bernal Heights Neighborhood Association	Market Heights	46	San Francisco, CA
Bethel A.M.E. Church	Thomas Paine Apts.	98	San Francisco, CA
Carlson Boulevard L.P.	Pullman Point	200	Richmond, CA
Catellus Development Corp.	East Bay Bridge	220	Emeryville, CA
Ecumenical Association of Housing	Cecilia Place	16	Tiburon, CA
Ecumenical Association of Housing	Morgan Hill Ranch Family Housing	80	Morgan Hill, CA
Ecumenical Association of Housing	Midtown Family	90	San Jose, CA
Ecumenical Association of Housing	Midtown Senior	141	San Jose, CA
Ecumenical Association of Housing	Winery	248	Fresno, CA
Ecumenical Association of Housing	Don de Dios	70	San Jose, CA
Ecumenical Association of Housing	Cochran Village	91	Fresno, CA
Ecumenical Association of Housing	Anise Turina	28	San Rafael, CA
Ecumenical Association of Housing	Riviera Apts.	27	San Rafael, CA
Ecumenical Association of Housing	Village Avante	113	Morgan Hill, CA
Episcopal Homes Foundation	Oak Center Towers	196	Oakland, CA
Housing Conservation & Development Corp.	Britton Street	91	San Francisco, CA
Hunters View	Phase I	101	San Francisco, CA
Hunters View	Phase II	107	San Francisco, CA
Hunters View	Block 10	72	San Francisco, CA
Japanese American Religious Federation, Inc.	Nihonmachi Terrace	245	San Francisco, CA
Kukui EAH/DGI Associates L.P.	Kukui Gardens	389	Honolulu, HI
Mission Housing Development Corp.	Mission Capp Apts.	47	San Francisco, CA
National Farm Workers Service Center	Cedar Road	40	Vista, CA
National Farm Workers Service Center	Mountain View I	316	Albuquerque, NM
National Farm Workers Service Center	Sunny Acres Apts.	75	Albuquerque, NM
National Farm Workers Service Center	Sandia Vista Apts.	138	Albuquerque, NM
National Farm Workers Service Center	King Arthurs Court Apts.	28	Lordsburg, NM
National Farm Workers Service Center	Deming Manor Apts.	52	Deming, NM
National Farm Workers Service Center	Tradewinds Carriage Apts.	32	Truth or Consequences, NM
National Farm Workers Service Center	Vista del Monte Apts.	104	San Francisco, CA
Normont Terrace Residents Council	Harbor Village	400	Harbor City, CA
Omni Development Corp.	Olney Towers Apts.	154	Providence, RI
Omni Development Corp.	Spring Villa Apts.	100	Providence, RI
Omni Development Corp.	Waterview Apts.	100	Providence, RI
Pittsburg Sr. & Residential Community	Stoneman Village	145	Pittsburg, CA
Prototypes	Prototypes Pomona Apts.	32	Pomona, CA
Robinson Affordable Housing, Inc.	Jackie Robinson Apts.	131	San Francisco, CA
Rubicon Programs, Inc.	Idaho Motel	22	El Cerrito, CA
Rubicon Programs, Inc.	Church Lane	20	San Pablo, CA
Sacramento Housing & Redevelopment Agency	Shasta Hoel	80	Sacramento, CA
Stonebridge Housing Associates	Stonebridge Apts.	79	St. Helena, CA
The Nicolson Company	Borregas Court	193	Sunnyvale, CA
The Salvation Army	Westwood Transitional Village	41	Los Angeles, CA
The Salvation Army	St. Louis Veteran's Housing	49	St. Louis, MO
The Salvation Army	Silvercrest	257	San Francisco, CA
The Salvation Army	Turk St.	113	San Francisco, CA
The Salvation Army	Railton Place	110	San Francisco, CA
The Salvation Army	Booth Residence	150	Cincinnati, OH
The Salvation Army	Catherine Booth Residence	96	Cincinnati, OH



CANDY RUPP

PROFESSIONAL EXPERIENCE

- 2000-Present **Devine & Gong, Inc.**, Oakland, CA
Senior Project Associate
- 1996-2000 **Local Initiatives Support Corporation**, San Francisco, CA
Program Director
- 1989-1996 **Skid Row Housing Trust**, Los Angeles, CA
Executive Director
- 1984-1989 **City of Santa Monica, Department of Community and Economic
Development**, Santa Monica, California
Housing Program Manager & Senior Development Analyst

EDUCATION

University of California at Berkeley, Graduate School of City and Regional Planning
Masters in City and Regional Planning, 1984

California State University at Fullerton
B.A. Degree Political Science with emphasis on Urban Studies and Law, 1978

RELEVANT SKILLS

Ms. Rupp has almost thirty years of experience working in nonprofit and public agencies in the field of affordable housing development and financing. Throughout her career, Ms. Rupp has demonstrated her skills in developing, financing, and managing complex, multi-layered affordable housing developments and community facility projects for diverse populations.

- In Santa Monica, Ms. Rupp underwrote the financing for more than 500 units of rental housing for seniors, special needs populations, and families; in addition, Ms. Rupp facilitated the implementation of the successful organization of the City's Housing Authority Section 8 program.
- At Skid Row Housing Trust, Ms. Rupp managed the organization's growth and development of over 1000 Single Room Occupancy Hotels (SRO) units for homeless persons utilizing a web of public and private funding sources including, LIHTC, City RDA funds, State HCD CHRP and SHRP funds, Section 8 Mod Rehabilitation Vouchers, HUD McKinney Supportive Housing Assistance, HOPWA, and private financing.
- At LISC, Ms. Rupp was involved in developing, financing, and capacity-building programs to assist non-profit organizations in their efforts to revitalize their communities and develop affordable housing.
- At Devine & Gong, Inc. Ms. Rupp has been the lead on developing and financing supportive homeless housing projects, senior housing, expiring HUD projects, community facilities, affordable housing development transactions nationally, and 15 year resyndication projects.



PAUL CARNEY

PROFESSIONAL EXPERIENCE

2020-Present	Devine & Gong, Inc. , Oakland, CA
2002-2011	Senior Project Associate
2017-2020	Tenderloin Neighborhood Development Corp. , San Francisco, CA
	Chief Financial Officer
2015-2017	MUFG Union Bank , Walnut Creek, CA
	Director
2014-2015	JP Morgan Chase , San Francisco, CA
	Senior Commercial Banker
2015-2017	CBRE Capital Markets , San Francisco, CA
	Vice President
2011-2013	US Dept. of Housing & Urban Development , San Francisco, California
	Chief of Production, San Francisco Multifamily HUB

EDUCATION

Harvard Kennedy School, Graduate School of City and Regional Planning
Master in Public Policy, 2002

Stanford University
B.A. Degree Communication, 1996

RELEVANT SKILLS

Mr. Carney has worked in affordable housing for more than 20 years in a variety of roles, including as a developer, consultant, lender, and tax credit investor. He specializes in the financing of affordable housing with expertise in portfolio recapitalization and a commitment to equitable development. At Devine & Gong, Mr. Carney has focused on acquisition and rehabilitation projects and public housing revitalization.

- At HUD, Mr. Carney managed the FHA Insured Production team for Northern California, Hawaii, and Nevada.
- At CBRE, JP Morgan Chase, and MUFG Union Bank, Mr. Carney provided financing for affordable housing projects as an originator, underwriter, and tax credit investor.
- At TNDC, Mr. Carney served as CFO for a San Francisco-based affordable housing organization with a portfolio of 40+ properties. Mr. Carney was responsible for accounting, asset management, IT, and operations and had organization-wide responsibility for impact and organizational sustainability.

Key Staff Resumes

Charles R. Olson

Partner

Charles R. Olson is a Partner in Lubin Olson's Land Use and Real Estate Practice Groups, and he currently serves as the Firm's Managing Partner. He specializes in land use and land use litigation and real estate transactions, including affordable housing. In his land use practice, Mr. Olson represents developers, institutions, and other property owners in obtaining entitlements and permits for use of their property. He has represented clients with complex development projects in San Francisco, throughout the Bay Area and Northern California, including entitling multiple corporate campuses, large residential subdivisions, and complex mixed-use projects. Mr. Olson has extensive experience advising clients concerning the California Environmental Quality Act, the National Environmental Policy Act, general plans, the Subdivision Map Act, and local planning codes and zoning ordinances. He has successfully represented clients throughout California in dozens of land use and CEQA cases at both the Superior Court and Court of Appeals levels.

In real estate, Mr. Olson represents property owners, developers, and investors in all aspects of real estate, including acquisitions and sales, leasing, financing and construction, and architect and contractor agreements. He has extensive experience in affordable housing transactions and has represented clients in the acquisition, financing, and development of thousands of affordable housing units using tax-exempt bond and low-income housing tax credit financing, as well as HUD-insured financing. Mr. Olson has been honored by Thompson Reuters as a Northern California Super Lawyer from 2008-2012, and 2016-2018. He holds Bachelor of Arts, Cum Laude, from Harvard University, and a Juris Doctor, Cum Laude, from the University of California Hastings College of the Law.

Elizabeth S. Anderson

Partner

Beth Anderson is a Partner in Lubin Olson's Real Estate Practice Group. Beth represents clients in complex commercial real estate transactions, including affordable housing development, and assists clients with all aspects of the acquisition, rehabilitation, financing, and sale of commercial properties. Her practice focuses on developer clients, including work with developers of multifamily affordable housing projects involving low-income housing tax credits, tax-exempt bonds, loans from the California Department of Housing and Community Development and other public sources, and HUD financing, subsidy, and insurance programs.

Before rejoining Lubin Olson, Ms. Anderson was a Deputy City Attorney in the Office of the City Attorney in San Francisco. She previously practiced with Cox, Castle & Nicholson LLP in San Francisco and Troutman Sanders LLP in Richmond, Virginia. Ms. Anderson holds a Bachelor of Arts and a Master of Fine Arts from Brown University and a Juris Doctor from the University of Virginia.

Carolyn J. Lee
Associate

Carolyn J. Lee is an Associate in Lubin Olson's Real Estate, Land Use, Affordable Housing, and Natural Resources Practice Groups. She specializes in affordable housing transactions and commercial real estate transactions. Ms. Lee represents clients in a broad range of matters, including acquisitions and dispositions, leasing, financing, entity formation, development, title and real estate due diligence, and land use and environmental matters. She also has significant experience representing clients in the acquisition, financing, and development of affordable housing projects using tax-exempt bond and low-income housing tax credit financing, as well as HUD's financing and subsidy programs.

In her land use practice, Ms. Lee represents developers, institutions, and other property owners in obtaining entitlements and permits for use of their property. She advises her clients on the preparation of environmental review documents under CEQA and the preparation of entitlement documents under the Subdivision Map Act, general plans, and local planning codes and zoning ordinances. She has represented clients with complex development projects throughout the Bay Area and Northern California, which involve entitling large multifamily residential projects and mixed-use office, commercial, and residential projects. Ms. Lee holds a Bachelor of Arts from Brown University and a Juris Doctor from the University of California Hastings College of the Law.

Key Staff Resumes

Sean Holloway

CPA, Audit Partner
Sacramento, CA

Sean Holloway, CPA, is a partner in CohnReznick's Sacramento office and a member of the Firm's Assurance practice. He has over 15 years of audit, finance, tax, and accounting experience in public accounting. Sean's industry experience includes serving not-for-profit organizations; commercial and residential real estate owners and developers; and multifamily properties. He has worked with projects involving Low Income Housing Tax Credits (LIHTC), federal and state historic tax credits; the federal New Markets Tax Credit Program, and energy tax credits. He provides these clients with a variety of services, such as financial statement audits and tax return preparation, assessments of organizational structures and recommendations to strengthen their internal control and revenue recognition procedures, and government contract and regulation compliance.

Sean's responsibilities at CohnReznick include planning and audit program development of all assigned audit engagements, the direct supervision of all audit field work, workpaper reviews, review of compliance with laws and contracts, and the preparation of financial statements. Sean's real estate and Not-for-Profit industry experience includes those in accordance with GAGAS, HUD audit guidelines, and Uniform Guidance. Sean also works extensively on cost certification engagements for LIHTC and historic tax credits projects. These duties involve analyzing client transactions, making constructive suggestions to improve client operations, auditing federal assistance programs for compliance, proactively managing the engagements to meet client deadlines and expectations, and training and supervising audit managers, seniors, and associates.

Education

B.S., Business Administration with a Concentration in Accounting, San Jose State University

Professional Affiliations

American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Eric Jones

CPA, MST, Office Managing Partner - Sacramento
Sacramento, CA

Eric Jones is a tax partner and serves as Office Managing Partner - Sacramento. He has more than 13 years of public accounting experience including more than four years with a Big 4 public accounting firm. Eric has broad tax experience in a variety of industries including manufacturing and distribution, wholesaling, and real estate. His primary focus is on the real estate industry and his clients include residential real estate developers, real estate syndicators, and not-for-profit organizations.

Eric concentrates much of his time on issues involving Section 42 low-income housing credits and Section 47 rehabilitation tax credits. He is also responsible for the planning and supervision of tax engagements, including multi-tiered partnerships and funds, and has experience in performing cost segregation studies for the Firm's real estate clients.

Education

B.S., Business Management Accountancy, California State University, Sacramento
Masters of Tax, Golden Gate University



Project Profiles

PSI-Intertek

**JOHN STEWART COMPANY
SACRAMENTO, CA**

Phase I ESA, Phase II ESA, Geotechnical Services

Client / Owner: The John Stewart Company
Ms. Julie Mendel
1388 Sutter Street, 11th Floor
San Francisco, California 94109

Project Location: Sacramento, California
Client Type: Multi-family Residential
Performance Period: 2020 – Ongoing
Key PSI Personnel: Robert White, Principal Consultant
Frank Poss, Principal Consultant



In conjunction with the Housing Authority of the City of Sacramento, PSI completed a multi-task effort for the potential development of a vacant property in the City of Sacramento. Initially, PSI was asked to complete a Phase I Environmental Site Assessment on the property. The Phase I ESA was conducted to search for evidence of recognized environmental conditions in connection with the subject property. PSI performed the Phase I ESA in general accordance with ASTM E 1527-05, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process (ASTM E 1527-05). The ASTM E 1527-05 standard has been recognized as consistent with the All Appropriate Inquiries (AAI) Rule.

The scope of services included records review, reconnaissance, interviews, and preparation of a report. PSI reviewed environmental regulatory database information regarding environmental conditions on and surrounding the subject property, physical setting sources, and historical information sources regarding the past uses of the property.

The results of the Phase I ESA indicated that properties located approximately 550 to 650 feet southwest of the subject property were identified on the CPS-SLIC, Sacramento Co. CS, Sacramento Co. ML, CERS, and EDR Hist Cleaner databases. An environmental investigation was completed on this property due to the property being a former retail complex with a gas station and adjacent dry cleaners. The result of the investigation indicated that there were dry-cleaner solvents or chlorocarbons (tetrachloroethylene or PCE) and total petroleum hydrocarbons as gasoline (TPH-g) found in the soil and groundwater. The City installed a soil vapor extraction (SVE) system and air sparging system, as well as a groundwater extraction and treatment system to clean up the impacted soil and groundwater. Monitoring wells near the subject property had concentrations of 98 micrograms per liter ($\mu\text{g/L}$) and $4.7\mu\text{g/L}$ of PCE, respectively. Based on this information, in addition to assumed depth to groundwater and flow direction is towards the subject property, PSI considered the release to be indicative of a



recognized environmental condition and a vapor encroachment condition in connection to the subject's property. After reviewing several investigative options, PSI completed a Phase II ESA Soil-Vapor Survey for the subject property.

The soil-vapor survey entailed collecting eight soil-vapor samples according to DTSC protocol from the area of site development and analyzing them for VOCs. The analytical results indicated numerous VOCs including TCE and PCE, and gasoline related compounds in the soil-vapor samples. Several of them were above regulatory criteria. Based on these results, PSI concluded that a possible vapor-intrusion condition was present at the subject property and that placing a soil-vapor barrier beneath each of the buildings may be needed to mitigate health concerns associated with the soil-vapor intrusion for both the benzene and chlorinated hydrocarbons detected above the DTSC SLs at the subject property.

PSI is currently working with The John Stewart Company and the Housing Authority of the City of Sacramento on vapor-extraction design and implementation for the project.

PSI also completed a geotechnical investigation for the subject property. PSI's scope of services included drilling 16 test borings, including 2 infiltration test borings, at the site. The work included appropriate laboratory testing and preparation of a geotechnical report. The report outlined the testing procedures, presents available project information, describes the site and subsurface conditions, and presented recommendations regarding the following:

- Grading procedures for site development;
- Foundation types, depths, allowable bearing capacities, and an estimate of potential settlement;
- Comments regarding factors that will impact construction and performance of the proposed construction
- Seismic Evaluation

PSI determined that the proposed building can be supported on conventional shallow foundations, provided that they are entirely supported by properly compacted fill. Existing near-surface materials would need to be excavated, moisture conditioned, then replaced as uniformly compacted fill to provide for uniform bearing across the building pads. PSI also provided foundation footing design and pavement design as part of the geotechnical evaluation.



**PARKMERCED REDVELOPMENT PROJECT
SAN FRANCISCO, CA**

Phase I ESA, Phase II ESA, Asbestos/Lead

Client / Owner: Maximus Real Estate Partners
Mr. Logan Daniels
Vice President of Construction
One Maritime Plaza, Suite 1900
San Francisco, CA 94111

Project Location: San Francisco, California
Client Type: Multi-family Residential
Performance Period: 2016 – Ongoing
Key PSI Personnel: Robert White, Principal Consultant
Frank Poss, Principal Consultant



Constructed between 1941 and 1951, the neighborhood currently encompasses 152 acres, approximately 80 percent of the original Parkmerced property and contains 3,221 existing rental apartments in 170 two-story residential buildings (referred to as “garden apartments”) and 11 13-story residential mid-rise buildings. The property also contains associated parking, building services, a leasing/operations office, and a recently constructed private pre-school/day care facility. The project is a



long-term (approximately 20-30 years) mixed-use development program to increase the residential density, provide new commercial and retail services, provide new transit facilities, and improve existing utilities within the development site. Of the existing residential units that exist on the site, approximately 1,683 units located within the 11 existing towers would remain and approximately 1,538

existing apartments would be demolished and replaced in a phased work program. An additional 5,679 new units would also be added to the Site for a project total of 8,900 units.

Project construction is managed by Maximus Real Estate Partners. Phase 1 is divided into four discrete sub-phases (1A-1D). In total, the Phase will construct a total of 1,668 housing units, of which 222 of these will be replacement units for units demolished during the Phase. Phase 1 will also include up to 3,500 square feet of retail space.

PSI was initially retained to provide a Phase I Environmental Site Assessment (ESA) to support project financing. The Phase I ESA did not identify any recognized environmental conditions but did identify historical recognized environmental conditions associated with historic underground storage tanks on the property. Related to the initial phase of construction and as the property was deemed to be part of



the Maher Ordinance, a detailed Workplan was developed for the first phase of the redevelopment for the property. The Workplan was submitted to the San Francisco Department of Public Works Environmental Health Division (SFDPH) for their approval. Approval was granted and PSI performed a soil characterization study.

The Soil Characterization Study included drilling over 25 boring on four locations at the site and completing pothole sampling of over 30 additional locations. The borings were drilled to approximately 30 feet below ground surface with soil samples collected at 1, 2.5, 5 and 5-foot intervals thereafter to the depth explored. Groundwater was not encountered during the soil investigation. Over 200 soil samples were submitted to an EPA certified laboratory and analyzed for volatile organic compounds, semi-volatile organic compounds, pesticides, polychlorinated biphenyls, metals, and asbestos.

Although environmental contamination was not identified during the soil characterization study, SFDPH required development of a project Soil Management Plan (SMP) and a Dust Control Plan (DCP). Related to the SMP, PSI assisted in evaluating requirements for offsite disposal of surplus soil including meeting with representative of potential receiver sites. The SMP detailed health and safety, soil management, stockpile management, dust control, odor control, and contingency procedures for the site development. For the DCP, PSI developed air monitoring strategies using Particulate Matter 10 micron (PM¹⁰) direct reading instrumentation, accompanied with periodic quality control site inspections.

As part of Phase 1A and 1B, two parking structures will be demolished. In preparation for demolition, PSI conducted hazardous material surveys of each structure to identify Asbestos-Containing Materials (ACM) and Lead-Based Paint (LBP) for incorporation into bid documents. PSI further assisted the redevelopment project by providing technical input at regulatory meetings with SFDPH as well as presenting investigation findings and a summary of the SMP and DCP at a community informational meeting.



SAN LEANDRO REDVELOPMENT PROJECT
San Leandro, CA

Phase I ESA, Phase II ESA, Asbestos/Lead, Geotechnical

Client / Owner: Maximus Real Estate Partners
Mr. Seth Mallen
Principal
One Maritime Plaza, Suite 1900
San Francisco, CA 94111

Project Location: San Leandro, California
Client Type: Multi-family Residential
Performance Period: 2018 – Ongoing
Key PSI Personnel: Robert White, Principal Consultant
Frank Poss, Principal Consultant



As part of the redevelopment of a primarily undeveloped piece of land in San Leandro, California, PSI completed a Phase I ESA, Phase II ESA, Asbestos/Lead, and Geotechnical investigations at the subject property.

The Phase I ESA included the review of six parcels in San Leandro that totaled approximately six acres. The result of the Phase I ESA indicated that the property was part of the former Caterpillar Site that was an active EnviroStor site with the DTSC. PSI completed subsequent investigations that included the collection of over 20 groundwater samples, 100s of soil samples, and 30 soil-vapor samples under the oversight of the DTSC. PSI was able to determine that the only impact to the subject property was from an off-site source that would require vapor-mitigative measures. PSI worked with the DTSC, City of San Leandro, and Maximus to come up with a passive vapor mitigation system for the property.

PSI also contracted to complete a geotechnical investigation to explore the subsurface conditions at the site to enable an evaluation of potential acceptable foundation systems for the proposed development of the site. To provide the necessary information for the evaluation of the property, PSI used both Cone Penetrometer and Hollow-Stem Auger drilling with a total of 25 borings drilled at the property that went as deep as 100 feet bgs.

PSI completed a detailed liquefaction analyses that indicated that the liquefaction potential of this site is negligible (between 0.14 to 0.89 inches) upon application of the design peak ground acceleration of 0.8g, in the locations tested. Most of the calculated liquefaction is anticipated to be thin layers of sandy soils below 18 feet. PSI was able to make the opinion that the existing near-surface soil conditions at the site are considered suitable for the use of shallow foundations for the support of the proposed improvements. This potentially will save our client considerable development dollars for this project.

As there were several small structures on the subject property, PSI has also completed asbestos/lead demolition level sampling to determine the protocols necessary for demolition of the structures.



Project Approach to Site Due Diligence

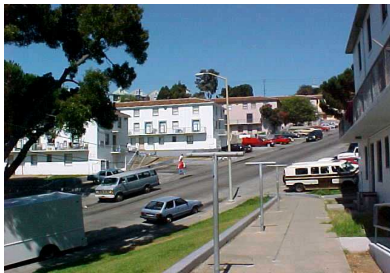
PSI-Intertek

PSI-Intertek has extensive experience working with affordable housing developers, housing authorities and county agencies in Northern California.

Our team provides clients with a single source for assessing, evaluating, consulting, designing, reporting, and managing data and project information. With a constant focus on safety, our Northern California Group offers a full range of environmental engineering and consulting services ranging from ASTM compliant Phase I ESAs to designing, installing, and operating complex multi-aquifer dual phase remediation systems. PSI saves our clients time and money by focusing on innovative and value-based efforts that balance regulatory requirements with cost effectiveness and practicality.



PSI's Northern California operation typically completes 10 to 15 Phase I ESAs per month. PSI has completed Phase I ESAs on a myriad of different properties from undeveloped land to large industrial/chemical plants. PSI has completed numerous Phase I ESAs for the San Francisco Housing Authority and for the Richmond Housing Authority on large multi-family residences with services provided beyond the ASTM being asbestos, lead paint, and mold evaluations.



ASTM has a current environmental site assessment standard (ASTM E 1527-13) that defines the minimum standard of practice for performing Phase I ESAs. As part of the new ASTM, vapor intrusion has been added as a specific topic to be addressed. PSI has been evaluating vapor intrusion concerns as part of our Phase I ESA process for decades. Determination of whether a VEC exists is not a new concern to PSI.

A general scope of work for PSI for Phase I ESAs is as follows:

Phase I Environmental Site Assessments – Scope of Work

PSI performs the Phase I ESA to search for evidence of recognized environmental conditions in connection with the subject property. PSI proposes to perform the Phase I ESA in general accordance with Standard Practice ASTM E 1527-13 for Environmental Site Assessments. PSI performs the assessment under the supervision of an environmental professional (EP) as defined in 40 CFR 312.10. The scope of services will include:



- Environmental records review,
- Reconnaissance,
- Interviews,
- A Tier 1 Vapor Encroachment Screen (VES) and,
- Preparation of a written report.

PSI reviews environmental regulatory database information regarding environmental conditions on and surrounding the subject property, physical setting sources, and historical information sources regarding the past uses of the property.

Reconnaissance of the subject property consists of observing the periphery of the property, the periphery of structures, if any, on the property, and interior portions of the property. If buildings are present, PSI observes, where possible, accessible interior common areas, maintenance and repair areas, and a representative number of occupied spaces. Adjoining properties are observed from the perimeter of the subject property and from public thoroughfares during the site reconnaissance. PSI also observes current and past uses and conditions, wherever apparent, indicating the likelihood of recognized environmental conditions (RECs). PSI makes reasonable attempts to conduct interviews required in E1527. PSI conducts the interviews by phone, in writing, or in person. Parties that PSI interviews include:

- You or your designated representative as the “User” of the Phase I ESA,
- The current property owner,
- The key site manager (if any is identified),
- A representative number of nonresidential occupants (if any), and
- One or more representatives of state and/or local government agencies.

Past owners, operators, occupants, and neighboring property owners or occupants may also be interviewed.

TIER 1 VES

Subsurface vapor migration is an evolving matter associated with the potential for chemicals of concern (COC) to migrate as vapors as a result of contaminated soil and groundwater. E1527 requires the EP to evaluate:

“...the movement of hazardous substances or petroleum products in any form, including, for example, solid and liquid at the surface or subsurface, and vapor in the subsurface.”

Tier 1 of the E2600 VES uses information collected as a normal part of the E1527 ESA. PSI proposes to:

- Establish a nominal Area of Concern (AoC) using E2600 Approximate Minimum Search Distances (AMSD)
- Reduce or expand the distances based on known or inferred groundwater flow directions and other information regarding the subsurface conditions in the area
- Identify potential vapors source sites within the AoC using:
 - Environmental records
 - Historical records and
 - Other provided information



PSI will evaluate the identified potential sources and determine for each if:

- A VEC exists or likely exists;
- A VEC cannot be ruled out; or
- A VEC can be ruled out because a VEC does not or is not likely to exist.

For those sites PSI where PSI determines that a VEC exists or likely exists, PSI will determine whether or not the condition represents a REC.

E1527 §8.2.2 provides that if the subject property or an adjoining property is identified in the regulatory database reports, pertinent regulatory files should be reviewed subject to the discretion of the EP. The purpose of this addition was to cause review effort appropriate to evaluate the actual conditions at adjoining listed sites rather than inferring them from regulatory status. The effort was also intended to be used in support of VEC determinations when database listings were insufficient to evaluate if the adjoining property might be subject to regulatory “re-opener,” “re-visitor” and “re-prioritization” efforts, especially in light of emerging vapor regulation.

The effort contemplated in that section is subject to the constraints on reasonable cost and time contained in E1527 and E2600. Therefore, this section could cause a need for review effort beyond that contemplated under E1527. PSI considers the following effort to be beyond the scope of our proposed E1527 ESA:

- Review requiring travel to a regulatory agency or depository of information that is not local to the PSI assessor’s office or the subject property
- Review of voluminous documents, whether they may be relevant or not
- Payment of fees charged by regulatory agencies or file-duplication services

PSI prepares a final report that includes a summary section at the beginning that contains the identified on-site or off-site, historical or current recognized environmental conditions, any data gaps encountered, and the impact of those data gaps on the assessment. The remainder of the report includes the methodology and resources used and the data gathered.

Phase II Environmental Site Assessments – General

If the Phase I ESA identifies actual or suspected recognized environmental conditions (REC), then further investigation is typically recommended in the Phase I ESA report. The purpose of a Phase II ESA is to determine whether contamination is actually associated with evidence of recognized environmental conditions – is it there or is it not, and if it is, do the concentrations exceed a regulatory action level. This is accomplished by a carefully designed limited sampling plan that may include intrusive sampling of surface water, groundwater, and soil, or special sampling of on-site materials such as drums, stockpiles, etc. The Phase II ESA study is deliberately limited to only confirm or refute the presence of the suspected contaminant(s) in the areas sampled. It is not generally intended to fully delineate the extent of the contamination, nor address remedial remedies or costs. The scope of the Phase II ESA will typically be dependent on the information generated in the Phase I ESA study, and therefore it is site specific. There is no generic scope of



work for a Phase II ESA study. The use of common procedures and practices is important, and ASTM E 1903 provides a standard guide used in the industry for this purpose.



If the Phase II ESA confirms the presence of a contaminant that exceeds the State or Federal threshold, then more in-depth environmental activities have to be conducted to fully delineate the nature and extent of the contamination. When such findings arise, the client or property owner may also have an obligation to report the information to a regulatory agency. It is at this point that a full contaminant assessment, risk assessment or remedial action may be undertaken.

Phase II Environmental Site Assessments – Scope of Work

As part of the Phase I ESA process, we are always cognizant of the potential for the need for a Phase II ESA. Our extensive experience with local and State organizations for site investigations and remedial programs aids us in determining whether a Phase II ESA is actually necessary or if observed conditions are de minimus or whether historical use is a recognized environmental condition. As soon as PSI determines that an issue is a recognized environmental condition, PSI alerts our clients of the issue or potential issue and discusses options. This is completed prior to the issuance of a report, as often a tight time frame are associated with Phase I and Phase II work.

The results of our Phase I ESA are utilized to determine the most cost effective and time efficient Phase II. Deciding factors for determining the Phase II scope of work include:

- Contaminant of Concern
- Historical Use
- Previous Studies
- Soil Conditions
- Depth to Groundwater
- Site Logistics and Access
- Regulatory Agency potentially overseeing work

Following completion of our evaluation, PSI then selects the most appropriate investigative tool, which may include one or many of the following:

- Soil and/or Groundwater Investigations using hand auger
- Soil and/or Groundwater Investigations using hollow stem auger
- Soil and/or Groundwater Investigations using Geoprobe
- Monitoring Well Installation
- Soil-Vapor Survey
- Geophysical Survey and Investigation

PSI has completed Phase II ESAs using all of these methods in Alameda County. Phase II ESAs have been completed for the following clients in Alameda County: ACGSA, McDonalds, Wells Fargo, 366 Development, Oakland Unified School District. They have been completed on contaminants



of concern that include metals, pesticides & herbicides, volatile organic compounds, petroleum hydrocarbons, and polynuclear aromatics. Beyond the completion of Phase II ESAs, PSI has completed numerous investigations and remedial activities for sites. These include the following services:

Performing Vapor Intrusion Assessments

For petroleum hydrocarbon sites, vapor intrusion has become the number one driver of regulatory compliance and evaluation for closure. Although soil and groundwater impact has the potential for impacting human health and the environment, it is rare that sensitive receptors have actually been impacted by petroleum hydrocarbons. However, vapor intrusion into existing or proposed structures has increasingly become the focus of regulatory agencies.



PSI has completed numerous Phase II investigations for possible soil-vapor intrusion from on and off-site sources. Typical contaminants of concern are petroleum hydrocarbons and their related volatile organic compounds and for dry cleaning solvents, primarily perchloroethylene. PSI has completed soil-vapor assessment along property boundaries to determine possible impact from off-site sources and also below existing buildings to determine whether on-site impact has created a threat of vapor-intrusion to the existing structure.

Development of Regulatory Strategy for Site Closures

The State of California has made a decision to shift from clean-up of petroleum hydrocarbon sites to evaluation of the site for possible environmental impairment and then development of Site Conceptual Models (SCM), which evaluate the current investigation for data gaps and possible closure. The SCM has become the blueprint for developing and obtaining closure for LUST sites in California. The SCM is a living document that is used as a blueprint for work that needs to be performed prior to achieving closure. The final SCM can then be used as a request for closure.

PSI competed numerous SCMs in 2012 for the purpose of evaluating sites for site closure. The SCM in conjunction with discussions with our client determines potential areas of concern or data that may be missing that is needed for site closure. PSI with consultation with our clients has received four closures on sites in 2012 by preparation of a SCM and requesting closure. PSI is in the process of competing three additional SCMs in which two we will be asking for closure.

Preparation of Corrective Action Plans

Corrective action plans are an integral part of the performance for cost effective and time efficient remedial efforts. PSI with our team of engineers and geologists reviews the pertinent information regarding the contaminant of concern, extent of impact, property use, and hydrogeologic conditions to come up with a corrective action plan that fits the individual situation for each site. The corrective action plan is then presented to our clients so that they have a clear understanding



of the different impact to day to day operations and the timing associated with the associated corrective action.

PSI has prepared corrective action plans for numerous sites in Northern California from as simple as soil excavation and disposal projects to more complicated air sparging, vapor extraction, and enhanced biodegradation projects. The corrective action plans have been submitted and approved by the DTSC and the RWQCB

Remediation Design and Permitting

Remedial design provides for the planning and engineering for cleanup of impacted sites. PSI can provide cleanup design for removal actions (e.g., short term removal of contamination by excavation) and remedial actions (e.g., longer term cleanup by pumping and treating). We have experience using a wide number of cleanup technologies. Design projects typically include an engineering feasibility option evaluation, engineering calculations for system components, mathematical modeling of the fate and transport of chemicals and environmental media (e.g., soil gas, groundwater) once the system is in place, design plans and specifications.

PSI has completed numerous remedial and design projects for remedial projects that include pump and treat technology, air sparging, soil-vapor extraction, and soil removal. Permitting included permitting through local counties, RWQCB, and BAAQMD. PSI has also completed other permitting projects, such as AQMD permitting for back-up generators and Hazardous Material Business Plans for all JC Penney stores in California and for the County of Sonoma for all of their maintenance facilities.

Human Health and Ecological Risk Assessments and Risk-Based Evaluations

Risk assessment, which involves calculation of cleanup levels that are specifically applicable to site circumstances (versus using California and Federal “look-up” tables for cleanup criteria). California has a “risk-based” clean up philosophy and has moved away from a “zero tolerance” or “non-detect” regulatory climate. Each site in California is often looked at independently by state agencies. This risk-based approach enables organizations to identify and correct only these significant “problem” areas that pose a significant risk to human health or the environment, thus in many cases greatly reducing the scale and cost of the remediation. This approach has worked particularly well in urban areas, helping to clean up underutilized and abandoned sites with known or suspected environmental contamination and get them back on the tax rolls. Risk-based cleanup is the technical platform underlying Brownfield initiatives.

PSI has completed detailed risk assessment for two dry cleaning establishments to identify and set cleanup criteria. Additionally, PSI has completed numerous SCMs over the past year in which risk-based evaluations are an integral part of the evaluation of the site for closure.



Geotechnical Engineering

PSI-Intertek's geotechnical engineering consulting services provide clients with information concerning subsurface conditions at a project site, and practical recommendations for design and construction of their facility. Geotechnical engineers assist clients, and other design/construction team professionals to reasonably determine the best course of action for design and construction of site preparation earthworks, foundation systems, excavation support requirements, cut and fill slopes, and pavements for building projects of various kinds and application.

PSI maintains geotechnical drill fleets and geotechnical laboratories nationwide, in order to be able to maintain a level of quality throughout the data acquisition phase of a project as well as to limit any potential delays from sub-contractor schedules. Our drill fleet includes auger, hollow stem auger and rotary wash rigs, truck-mounted and ATV-mounted equipment and specialty low head room rigs. Regional geologic conditions and local practice dictate the best equipment for a particular project.

Typical Geotechnical Project Services:

- Conducting preliminary geotechnical investigations of a site to evaluate general subsurface conditions and feasibility for site development.
- Determining the type of foundations for a structure, including depth and dimensions.
- Determining design parameters for the foundation, such as the bearing capacity and allowable soil bearing pressures.
- Estimating potential settlement of the structure.
- Preparing site preparation specifications including and field and laboratory monitoring and testing programs for verification of earthwork and foundation construction.
- Developing design parameters for pavements, such as for roads, parking areas, highways, and airports.
- Investigating the stability of slopes, such as natural slopes, earthen dams, levees, and embankments.
- Evaluating possible soil treatment or subsoil modification to improve certain characteristics of the soil.
- Determining geotechnical design parameters for earth retaining systems, such as retaining walls, bulkheads and sheet piles.
- Providing recommendations for dewatering and drainage of underground structures.
- Investigating groundwater and seepage problems and developing mitigation measures.
- Analyzing sites for effluent disposal, stormwater management and percolation ponds.
- Designing pond and landfill liners. Mathematical modeling of deep foundation systems, dewatering effects, effluent disposal ponds, and groundwater monitoring systems.
- Developing laboratory testing programs to evaluate the characteristics of soils obtained from the site.
- Evaluation of failed foundations and pavements, embankment erosion and collapse, and retaining wall failures.



LEED Indoor Air Quality Support

PSI-Intertek can support attaining LEED certifications through the performance of indoor air quality (IAQ) evaluations as described under LEED v4 and v4.1. The scope of the IAQ evaluations are based on information published by the U.S. Environmental Protection Agency (EPA) and include LEED V4 For New Construction Commissioning – Option 2 – Air Testing and EPA Compendium of Methods for Determination of Air Pollutants in Indoor Air, April 1990. Based on referenced information, the evaluations typically include measurements of selected environmental parameters including formaldehyde, airborne particulate matter (PM) <10 Micron in size (PM₁₀), PM <2.5 micron in size (PM_{2.5}) total volatile organic compounds (TVOCs), ozone, carbon dioxide (CO₂), and carbon monoxide (CO).

Per LEED requirements the sampling is performed over a four (4) hour period. The following criteria is typically used for determining the number of sampling points:

- One sample per heating, ventilation and air conditioning (HVAC) zone;
- One per every 5,000 square feet;
- One per contiguous floor; and
- One sample per 7 identical spaces, as determined by the Project Team.

PSI uses UMEX-100 dosimeter badges to measure formaldehyde levels in adherence with EPA compendium Method TO-11. The samples are analyzed by National Institute of Occupational Safety and Health (NIOSH) Method 2016 with laboratory results compared to the published LEED requirement of < 27 parts per billion (ppb).

TVOC levels are measured in accordance with EPA Compendium Method TO-17. Samples are collected using C-300 charcoal sorbent tubes with low-flow air sampling pumps. Samples are analyzed using Gas Chromatography / Mass Spectrometry (GC/MS) with results compared to LEED requirement for Total VOCs of < 500 µg/m³. Additionally, results are comparison of the individual VOC compounds with the concentration limits listed in the LEED V4 IAQ testing requirements.

Measurement of ozone are performed in general accordance with ASTM D5149-02 using an Aeroqual Series 500 Portable Ozone Monitor or equivalent. The data is uploaded and averaged for comparison to the published LEED requirement for ozone of 0.07 ppm. Measurement of CO is performed in general accordance with EPA Compendium Method IP-3A using a TSI Model 8762 IAQ Calc monitoring device or equivalent. The data is uploaded and averaged for comparison to the published LEED requirement for CO of < 9 ppm. PM₁₀ and PM_{2.5} particulate measurements are performed in accordance with EPA Compendium Method IP-10B. Measurements for both PM₁₀ and PM_{2.5} is performed using a TSI Dustrak Aerosol Monitor Model 8530 or equivalent. Following the sampling event, data is uploaded, and averaged for comparison to the published LEED PM₁₀ particulate criteria of 50 µg/m³ and 15 µg/m³ for PM_{2.5}.

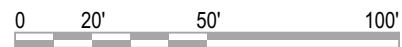
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Site Plan Keynotes

- 1 Property line.
- 2 Existing sidewalk.
- 3 Trash enclosure.
- 4 Storm water retention/swale.
- 5 Motorcycle parking.
- 6 Bike racks.
- 7 Utility easement.
- 8 Existing curb cut.
- 9 Mail box pavillion.
- 10 Play structure.
- 11 Proposed lot lines.
- 12 Existing tree - typical.
- 13 Existing tree to be removed.
- 14 New tree - typical.

Site Plan - Scale 1" = 50'



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■ Building and Unit Summary

Unit Summary per Building Type		
	Quantity	Total Area
Building Type A		
1 Bedroom	24	15,672
2 Bedroom	18	16,524
3 Bedroom	18	23,508
	60	55,704 sq ft
Building Type B		
1 Bedroom	9	6,507
2 Bedroom	3	2,625
	12	9,132 sq ft
Building Type C		
1 Bedroom	9	5,105
3 Bedroom	3	3,326
	12	8,431 sq ft
	84	73,267 sq ft

Clubhouse Area Summary	
Zone Name	Total Area
Conference	296
Copy	194
Corridor	526
Jtr	30
Kitchen	155
Laundry	338
Lobby	225
Men's	72
Multi-Purpose Room	1,767
Office 1	144
Office 2	136
Office 3	163
Office 4	151
Women's	152
	4,349 sq ft

Total Unit Summary	
Type	Quantity
1 Bedroom	42
2 Bedroom	21
3 Bedroom	21
	84

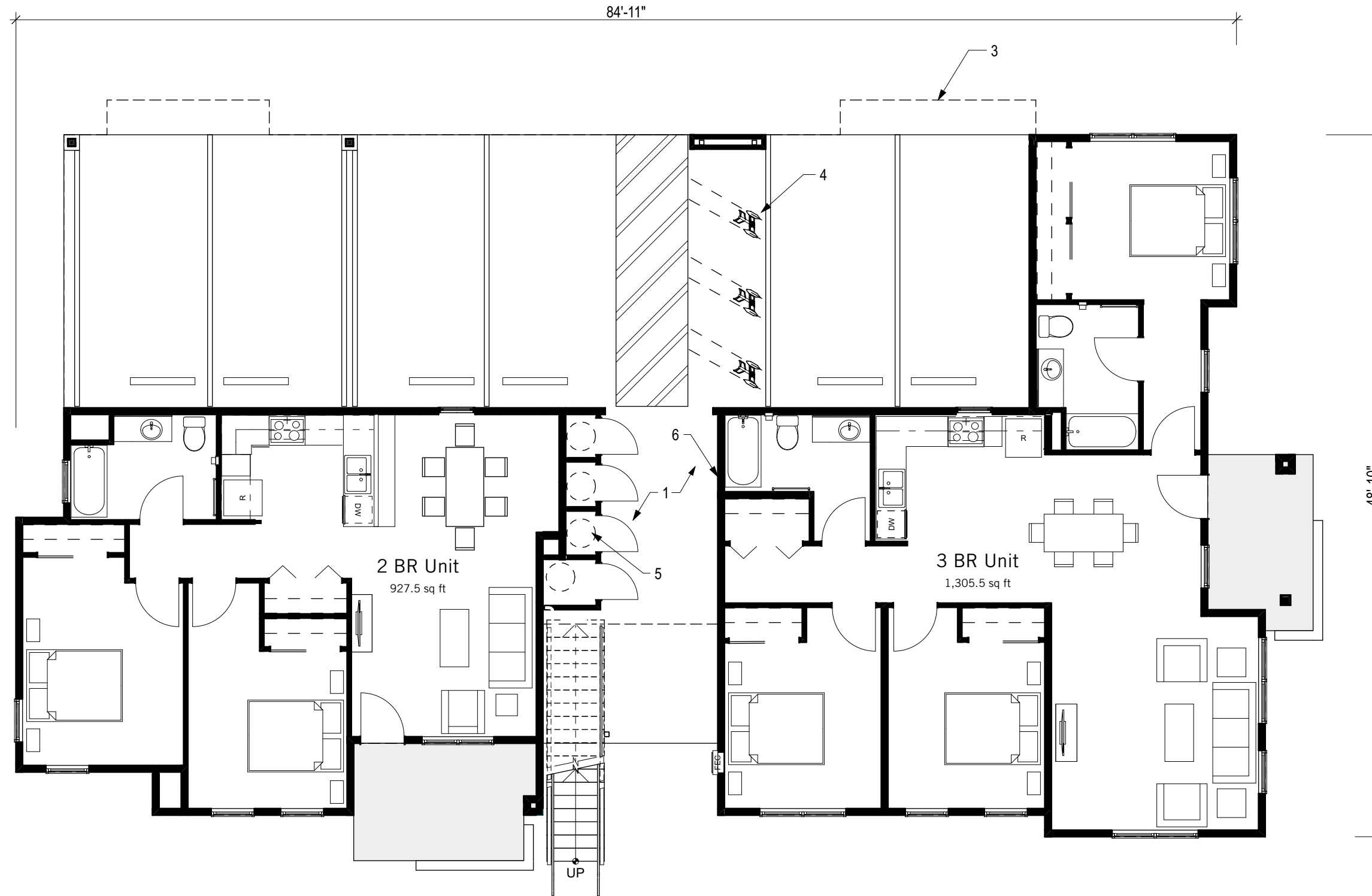
Building Area Summary	
Building	Total Area
Building A1	11,771
Building A2	11,771
Building A3	11,771
Building A4	11,771
Building A5	11,771
Building A6	11,771
Building B	11,013
Building C	17,461
	99,100 sq ft

■ Site Summary

Parking Summary	
Parking Type	Quantity
Standard	115
Compact	32
Guest Compact	6
Guest Standard	4
	157

■ Floor Plan Keynotes

- 1 Covered walkway
- 2 Common entry balcony
- 3 Edge of building or roof above
- 4 Bike racks



■ Building A - Ground Floor Plan - Scale 1/8" = 1'-0"



BIMcloud: MA-BIM-Server-23.local - BIMcloud Basic for ARCHICAD 23/221019 - 9270 Bruceville - Elk Grove - Printed: Tuesday, May 18, 2021, 11:28 AM

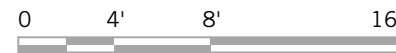
Floor Plan Keynotes

- 1 Covered walkway
- 2 Common entry balcony
- 3 Edge of building or roof above
- 4 Bike racks

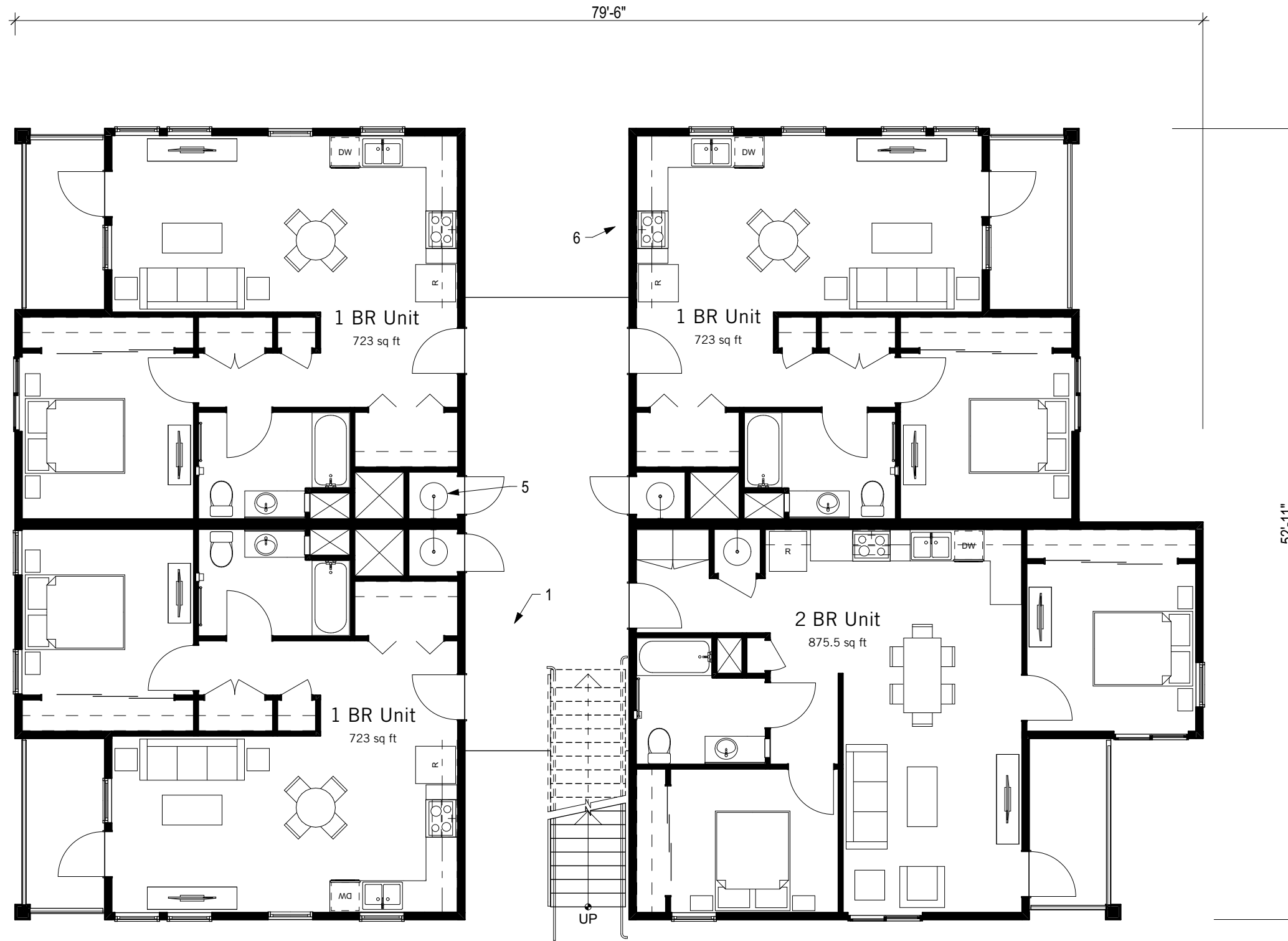


BIMcloud: MA-BIM-Server-23.local - BIMcloud Basic for ARCHICAD 23/221019 - 9270 Bruceville - Elk Grove - Printed: Tuesday, May 18, 2021, 11:28 AM

Building A - Second and Third Floor Plan - Scale 1/8" = 1'-0"



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Floor Plan Keynotes

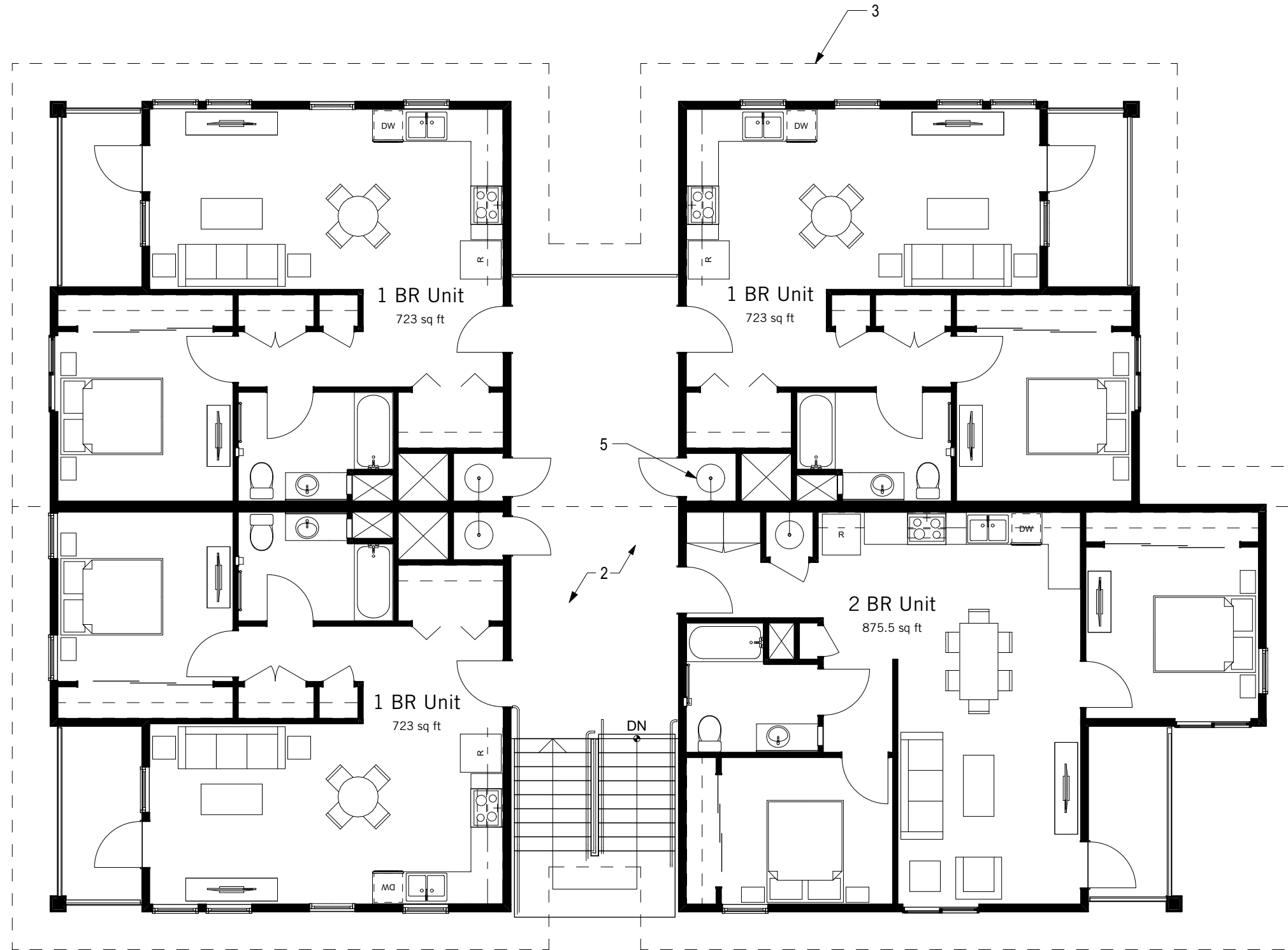
- 1 Covered walkway
- 2 Common entry balcony
- 3 Edge of building or roof above
- 4 Bike racks

Building B - Ground Floor Plan - Scale 1/8" = 1'-0"



Floor Plan Keynotes

- 1 Covered walkway
- 2 Common entry balcony
- 3 Edge of building or roof above
- 4 Bike racks

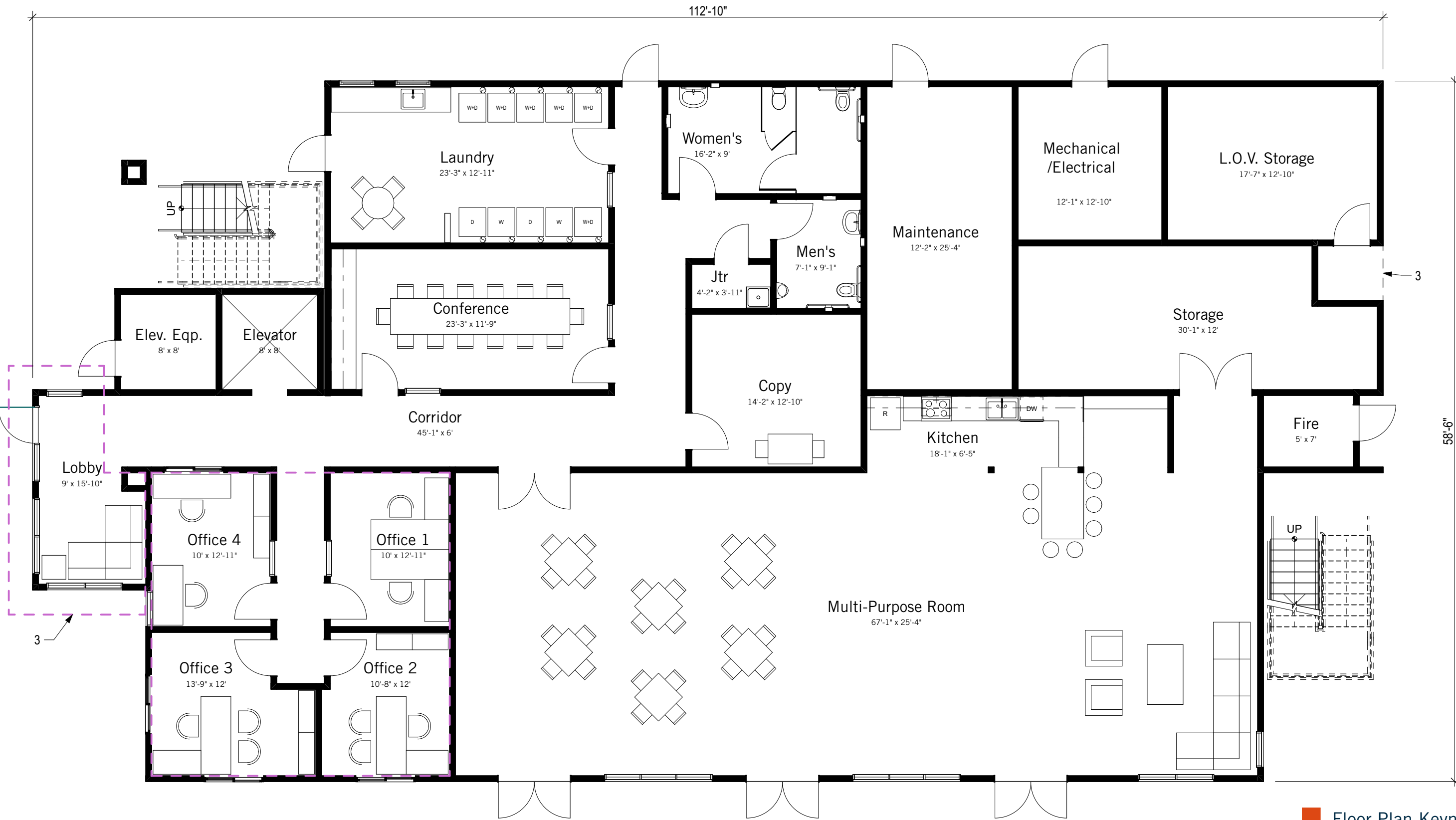


Building A - Second and Third Floor Plan - Scale 1/8" = 1'-0"



BIMcloud: MA-BIM-Server-23.local - BIMcloud Basic for ARCHICAD 23/22/1019 - 9270 Bruceville - Elk Grove - Printed: Tuesday, May 18, 2021, 11:28 AM

BIMcloud: MA-BIM-Server-23.local - BIMcloud Basic for ARCHICAD 23/221019 - 9270 Bruceville - Elk Grove- Printed: Tuesday, May 18, 2021, 11:30 AM



Floor Plan Keynotes

- 1. Covered walkway
- 2. Common entry balcony
- 3. Edge of building or roof above
- 4. Bike racks

Building C - Ground Floor Plan - Scale 1/8" = 1'-0"



BIMcloud: MA-BIM-Server-23.local - BIMcloud Basic for ARCHICAD 23/22/10/19 - 9270 Bruceville - Elk Grove - Printed: Tuesday, May 18, 2021, 11:28 AM



Floor Plan Keynotes

- 1 Covered walkway
- 2. Common entry balcony
- 3. Edge of building or roof above
- 4. Bike racks

Building C - Second Floor Plan - Scale 1/8" = 1'-0"





- Floor Plan Keynotes**
- 1 Covered walkway
 - 2 Common entry balcony
 - 3 Edge of building or roof above
 - 4 Bike racks

Building C - Third Floor Plan - Scale 1/8" = 1'-0"





May 19, 2021

*A CONGREGATION OF THE LUTHERAN CHURCH
MISSOURI SYNOD*

Sarah Bontrager, Housing and Public Services Manager
City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

**Re: Cornerstone Village – Elk Grove
Letter of Support**

Dear Ms. Bontrager,

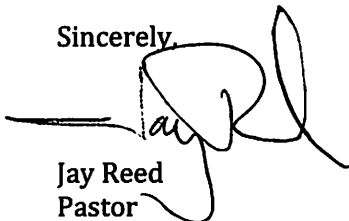
On behalf of the Light of the Valley Church, I am writing to express our enthusiastic support for the Cornerstone Village proposal to the City of Elk Grove. This new development will bring much-needed affordable living – with an intentional focus on enriching community life – to the heart of our City.

Over the last year, Light of the Valley and Bethesda Cornerstone Village have been working cooperatively to reimagine our 4-acre campus at 9270 Bruceville Road. When Bethesda approached us about redeveloping our property, we saw a great opportunity to build on our community-focused ministries. Meals on Wheels currently operates a warming and distribution center within our worship center's kitchen. We continually provide free meeting space to many groups, ranging from Alcoholics Anonymous to neighbors hosting large family gatherings. Bethesda's goals of building connectedness within Cornerstone Village and reaching out to the broader community aligns with Light of the Valley's vision to be an outward facing congregation. The new community spaces and the shared courtyard will provide a wonderful venue for a range of events that promote wellness and build a sense of belonging.

The Purchase and Sale Agreement originally envisioned a complete redevelopment of the property. After further evaluation with Bethesda, we realized that it would be better for the church to retain the main church building and maintain ownership of part of the property. Light of the Valley and Bethesda agree that we should modify the Purchase and Sale Agreement once the site plan, and the associated land division, is more refined this summer.

If you have any questions, please contact me at (916) 691 3568 (wk) (916) 799 2611 (cell) or pastor@lightofthevalley.net. Thank you for this opportunity to build a new community asset in Elk Grove!

Sincerely,



Jay Reed
Pastor

Light For Your Life

9270 Bruceville Rd. Elk Grove, California 95758 (916) 691 3568
www.lightofthevalley.net



2241 Harvard Street, Suite 100
Sacramento, CA 95815
916-978-6400

May 17, 2021

Sarah Bontrager, Housing and Public Services Manager
City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

Re: Bethesda – Cornerstone Village in Elk Grove

Dear Ms. Bontrager:

Alta California Regional Center (ACRC) is a private, non-profit agency funded and overseen by the California State Department of Developmental Services. The regional center system was born from legislation to support those with developmental disabilities to be provided services and supports within their communities. There are 21 Regional Centers throughout California.

ACRC serves over 26,00 clients, covering a 10-county catchment area, including Elk Grove. In Elk Grove, California there are approximately 2,100 individuals who meet the State definition of having a developmental disability. ACRC coordinates and funds services throughout our client's lifespans. Though there are a number of congregate care home options in the city, **there are currently no set-aside housing units in Elk Grove that can enable low-income adults with developmental disabilities to live independently in homes of their own.**

I am writing in support of Bethesda Cornerstone Village and John Stewart Company in their efforts to develop low cost housing at the property located at 9270 Bruceville Road in Elk Grove. Bethesda has expressed a sincere desire to develop housing benefitting individuals with developmental disabilities and we are pleased that they have decided to develop this project in our area. Access to affordable housing can be elusive for individuals with developmental disabilities who largely live off of their Social Security benefits. Assisting in this project's financing may lead to a near future where a regional center client doesn't need to choose between independent living or staying in Elk Grove.

ACRC can be counted on to provide supportive services to those residing in any set-aside units. We have comprehensive services including employment training, supported and independent living, behavioral and psychiatric support services that would be available to any regional center client that benefits from this specialized housing development. If you have further questions about the supportive services we are willing to provide the residents of this proposed project please don't hesitate to reach out to our Director of Community Services, John Decker at jdecker@altaregional.org or (916) 978-6489.

Thank you for considering this letter of support for Bethesda Cornerstone Village in Elk Grove.

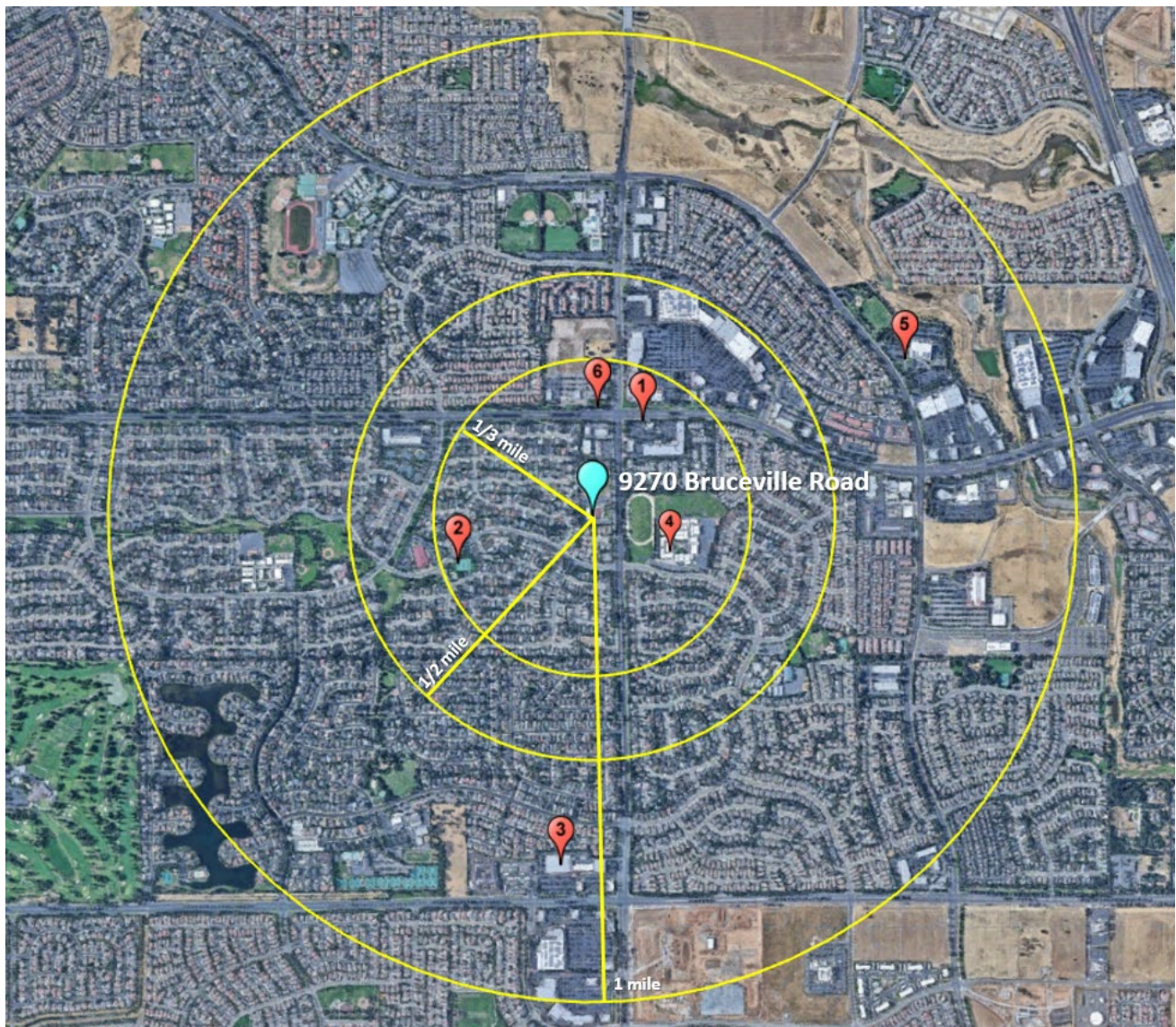
Best,

Phil Bonnet
Executive Director

Site Amenities Map

Amenity Type	# on Map	Name	Address	Distance from Site*	TCAC Score
Transit	1	E-Tran Bus Stops 85145 (Eastbound) and 95094 (Westbound) (lines 19 and 113)	Laguna Blvd at Bruceville Rd	0.2 mi	4 points
Park	2	Batey Park	6800 Seasons Dr	0.3 mi	3 points
Grocery Store	3	Nugget Market	7101 Elk Grove Blvd	0.7 mi	4 points
School	4	Harriet Eddy Middle School	9329 Soaring Oaks Dr	0.2 mi	3 points
Medical Clinic	5	Kaiser Permanente Elk Grove Medical Offices	9201 Big Horn Blvd	0.8 mi	2 points
Pharmacy	6	Walgreens	7299 Laguna Blvd	0.3 mi	2 points
				TOTAL	18 points
				TCAC Max	10 points

*Distance = "as the crow flies"



REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (the “**Agreement**”) is entered into effective as of the 27 day of May, 2020 (the “**Execution Date**”) by and between **Light of the Valley Church** (“**Seller**”) and **Bethesda Cornerstone Village, LLC**, a Wisconsin limited liability company (“**Purchaser**”).

RECITALS:

A. Seller is the owner in fee simple of the Property (as hereinafter defined) comprised of land and improvements located at 9270 Bruceville Road, Elk Grove, California.

B. Seller desires to sell the Property to Purchaser and Purchaser desires to purchase the Property from Seller subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Purchase and Sale. Upon and subject to the terms and conditions set forth in this Agreement, Purchaser shall purchase from Seller, and Seller shall sell to Purchaser good, indefeasible, fee simple and marketable title in and to 4.09 acres of real property and improvements located at 9270 Bruceville Road, Elk Grove, California which is legally described and graphically depicted in Exhibit A which is attached hereto and incorporated herein by reference (the “**Property**”). The Property includes all rights appurtenant to the Property, easements, licenses, and the Cell Tower Lease. Seller’s personal property is specifically excluded from this Agreement and is not considered a part of the Property.

2. Purchase Price. The purchase price for the Property shall be Two Million Four-Hundred Forty Thousand and 00/100 Dollars (\$2,440,000.00) (the “**Purchase Price**”). The Purchase Price shall be payable to Seller at Closing by wire transfer, subject to the prorations and adjustments set forth herein.

3. Earnest Money.

A. Deposit with Escrow Agent. Concurrent with the execution of this Agreement, Seller and Purchaser shall execute the escrow agreement with First American Title Insurance Company (the “**Escrow Agent**”) in substantially the form attached as Exhibit B, as security for Purchaser’s faithful performance of its obligations hereunder, and within three (3) business days of the Effective Date, Purchaser shall deposit into the escrow account the sum of Five Thousand and 00/100 Dollars (\$5,000.00) as earnest money (the “**Earnest Money**”). The Earnest Money shall become nonrefundable upon expiration of the Due Diligence Period (as defined herein) except in the event of Seller’s breach of this Agreement. The Earnest Money shall be held and disbursed by Escrow Agent in accordance with the terms hereof.

B. Release of Earnest Money. In the event this transaction is consummated pursuant to the terms hereof, Escrow Agent shall pay the Earnest Money to Seller at Closing and Purchaser shall receive a credit against the Purchase Price in the amount of the Earnest Money. If this transaction is not consummated pursuant to the terms hereof, then the Earnest Money shall be disposed of by Escrow Agent pursuant to the provisions of the escrow agreement.

C. Disputes. In the event of any dispute arising under this Agreement with respect to disposition of the Earnest Money or the entitlement of any party to the Earnest Money, Escrow Agent shall not be required to determine the resolution of any such dispute and Escrow Agent shall not be obligated to make any delivery of the Earnest Money, but in such event, Escrow Agent may hold the Earnest Money until receipt by Escrow Agent of an authorization in writing signed by both Seller and Purchaser directing the disposition of same. In the absence of such authorization, Escrow Agent may hold the Earnest Money until the final determination of the rights of the parties in an appropriate action or proceeding. If such written authorization is not given, or if proceedings for such determination are not commenced and diligently continued to a resolution of such dispute, Escrow Agent may, but is not required to, bring an appropriate action for leave to deposit the Earnest Money in any court of competent jurisdiction in the state in which the Property is located pending such determination and to submit resolution of such dispute to a court of competent jurisdiction by action of interpleader. Escrow Agent shall not be responsible for any acts or omissions unless the same constitute willful misconduct or gross negligence, and upon delivery of the Earnest Money in accordance with the terms of this Agreement, Escrow Agent shall have no further obligations or liabilities to the parties hereunder or in connection herewith in Escrow Agent's capacity as escrow agent, except for any obligations or liabilities arising from Escrow Agent's gross negligence or willful misconduct.

4. Purchaser's Due Diligence.

A. Access. Purchaser, its representatives and agents shall, at all reasonable times prior to Closing and in each instance upon not less than twenty-four (24) hours' prior notice to Seller, have the right during regular business hours to go upon the Property to inspect, examine, test, appraise and survey the Property, including, but not limited to, investigations of the zoning and physical status thereof and verification of information made available to Purchaser with respect to the Property. This shall include the right to make surveys, examinations, appraisals and other tests to obtain any relevant information, all of which tests, studies and reviews shall be performed at Purchaser's sole cost and expense. In addition, Purchaser shall have the right to obtain such letters, certificates or statements from appropriate governmental officials or other experts concerning zoning, permitting and other matters related to the Property. Purchaser shall promptly repair any damage to the Property relating to Purchaser's inspection of the Property to its original condition. Purchaser shall defend, indemnify and hold Seller harmless for any claims for personal injury or property damage to the extent caused by Purchaser's access and from claims for construction liens filed by vendors hired by Purchaser to perform services. Purchaser's indemnification obligation shall survive the termination of this Agreement. Notwithstanding the foregoing, Purchaser's indemnification obligation shall not apply to the remediation of any Hazardous Substances that may be discovered as part of Purchaser's due diligence.

B. Due Diligence Termination Right. In the event that Purchaser determines that the Property is not acceptable to Purchaser or is otherwise not suitable for Purchaser's proposed use or Purchaser desires to terminate this Agreement for any other reason whatsoever, Purchaser shall have the right to terminate this Agreement by written notice to Seller on or before June 30, 2022 (the "**Due Diligence Period**"), whereupon Escrow Agent shall immediately refund the Earnest Money to Purchaser, and neither party shall have any further rights, duties or obligations hereunder except as are specifically provided in this Agreement to survive the termination thereof. Notwithstanding the foregoing, Purchaser shall have the one-time right to extend the expiration of the Due Diligence Period to December 31, 2022, upon written notice to Seller on or before June 30, 2022. If Purchaser exercises its right to extend the Due Diligence Period, the Earnest Money shall become non-refundable and shall be immediately released to Seller except in the event of a Seller breach of this Agreement. In the event the Closing does not occur, then Purchaser shall provide Seller copies of all inspections, test results, reports, surveys, and appraisals that were prepared by Purchaser during the Due Diligence Period and any government approvals derived therefrom, together with an assignment, without warranty, of Purchaser's rights to use the same.

5. Title. Within fifteen (15) days after the Execution Date, Seller shall, at Seller's cost, provide to Purchaser a preliminary report of title for the Property (the "**Title Commitment**") from First American Title Insurance Company (the "**Title Company**"). Purchaser shall be responsible for the cost of any endorsements to the Title Commitment or the charges for the deletion of any standard exceptions to the Title Commitment. On or prior to Due Diligence Period, Purchaser shall have the right to object to the state of title to the Property disclosed in the Title Commitment or in any survey obtained by Purchaser (the "**Survey**"). If Purchaser fails to deliver written objection to Seller within said period, Purchaser shall be deemed to have accepted all matters disclosed in the Title Commitment, the Survey, if any, and in the exception documents provided therewith or referenced therein, except as to objections properly and timely made by Purchaser as to matters disclosed on the Title Commitment or Survey ("**Objections**"). At Closing, Purchaser shall obtain a policy of title insurance (the "**Title Policy**") from the Title Company. Provided Purchaser provides timely written notice to Seller of Objections, Seller shall, within ten (10) days of receipt of the Objections, either (i) agree in writing to cure such matters to Purchaser's reasonable satisfaction prior to Closing or (ii) notify Purchaser that it will not cure such matters in whole or in part. If Seller notifies Purchaser that it will not cure an Objection, then Purchaser is entitled to terminate this Agreement within ten (10) days of receipt of Seller's notice that it will not cure an Objection and Purchaser shall receive a refund of all Earnest Money. If Purchaser does not terminate the Agreement, then any Objection that Seller will not cure shall be a Permitted Title Exception.

6. Conveyance of Title. At Closing, Seller shall convey and transfer to Purchaser good, indefeasible, fee simple and marketable title to the Property free and clear of all liens and encumbrances except municipal and zoning ordinances and agreements entered under them, recorded easements, recorded building and use restrictions and covenants, and ad valorem or real property taxes for the year of Closing which are not yet due and payable, special assessments payable following the year of Closing, and any lien or encumbrance consented to or arising out of the actions of Purchaser (hereinafter collectively referred to as the "**Permitted Title Exceptions**"). Such conveyance and transfer by Seller to Purchaser shall also be sufficient to enable the Title

Company to issue its full extended coverage CLTA Owner's Policy of Title Insurance with the standard exceptions therein deleted (the "**Title Policy**") in the amount of the Purchase Price, subject only to the Permitted Title Exceptions. Purchaser may obtain an ALTA policy by paying for the difference between an ALTA policy and a CLTA policy. The term "Permitted Title Exceptions" shall not include and Seller's conveyance of title to the Property shall not be subject to mechanics', materialmen's or other similar liens and shall be free and clear of all judgments, liens, pledges, mortgages, deeds of trust (except with respect to the Cell Tower Lease), security deeds, conditional sales contracts, security interests and assignments, financing statements and other encumbrances capable of being satisfied by the payment of a specified sum or otherwise of a monetary nature (collectively, "**Monetary Defects**"). From and after the Execution Date, Seller shall not further encumber or restrict the title to the Property, permit any leases, liens, mortgages, deeds of trust, easements or other encumbrances to be placed against the Property or any part thereof without Purchaser's consent, which consent may be withheld in Purchaser's sole discretion.

7. **Closing.** The closing of the transaction contemplated herein (the "**Closing**") shall, subject to the satisfaction of the conditions precedent provided herein, occur on or before forty-five (45) days following the Due Diligence Period (the "**Closing Date**") or such other date as the parties shall mutually agree. The Closing shall take place in escrow at the offices of the Title Company during normal business hours, or at another location mutually acceptable to the parties. Seller or Purchaser, at their option, shall deposit the respective closing documents with the Title Company with appropriate instructions for recording and disbursement consistent with this Agreement.

8. **Prorations and Adjustments at Closing.** Real estate, ad valorem and similar taxes assessed against the Property, if any, shall be prorated between Seller and Purchaser based upon the last known bill at the time of Closing on the basis of a 365-day year, with the Purchaser liable for real estate, ad valorem and similar taxes assessed against the Property from and after the day of Closing, or if assessed in advance, for periods after the day of Closing. Any then due ad valorem taxes for prior years are the responsibility of Seller, and unpaid special assessments, special improvement district or taxing district levies, shall be prorated in the same manner as ad valorem taxes with Purchaser assuming any special assessments, special improvement district or taxing district levies payable after the year of Closing. Seller and Purchaser shall also prorate at the time of Closing utility charges, rents (including the Cell Tower Lease), and any other operating expenses pertaining to the Property that are customarily prorated between sellers and purchasers in commercial real property sales. The foregoing obligations shall survive the Closing.

9. **Transaction Costs.** Seller shall pay the cost of: (i) preparing the Deed; (ii) any transfer taxes; (iii) the Title Commitment and the premium for the issuance of the Title Policy; (iv) recording fees and deed taxes for documents necessary to establish good and marketable title in Seller; (v) fees and costs to establish the authority of the person acting on behalf of Seller; and (vi) one-half of any closing fee charged by the Title Company. Purchaser shall pay the cost of: (i) the state and local recording fees required to be paid for the Deed; (ii) fees and costs in connection with Purchaser's financing including premium for the issuance of the lender's Title Policy and any difference between the ALTA policy and the CLTA policy; and (iii) one-half of any closing fee charged by the Title Company. All other escrow fees and Closing Costs not specifically referenced

shall be apportioned between the Buyer and Seller in the manner which is customary for Sacramento County. Each party shall pay its own attorneys', brokers' and consultants' fees.

10. Documents and Deliveries Required for Closing.

A. Seller's Deliveries. At the Closing, Seller shall, as applicable, execute and deliver the following:

(i) A Grant Deed (the "**Deed**") to the Property which satisfies the terms of this Agreement and is acceptable to Purchaser;

(ii) Any required transfer tax returns pursuant to any requirements of California law;

(iii) Such documents as reasonably required by Purchaser as evidence that all Tenant Leases (excluding the cell tower lease) have been terminated on or before Closing and that all tenants have vacated the Property;

(iv) Such documents evidencing the legal status, good standing and authority of Seller that are required by the Title Company for issuance of the Title Policy;

(v) An affidavit of Non-Foreign Status (FIRPTA) duly executed by Seller;

(vi) An affidavit of title with respect to the Property in a form satisfactory to Purchaser and to the Title Company so as to enable the Title Company to issue the Title Policy subject only to the Permitted Title Exceptions;

(vii) A "Closing Statement" which shall, among other items, set forth the Purchase Price, all credits against the Purchase Price, the amounts of all prorations and other adjustments to the Purchase Price and all disbursements made at Closing;

(viii) The Commercial Lease;

(ix) The Assignment of Cell Tower Lease in form and substance satisfactory to Purchaser assigning Seller's rights in the Cell Tower Lease including the assignment and transfer of all security deposits and prepaid rents; and

(x) Such other documents as may be reasonably required to complete the transaction as set forth in this Agreement.

B. Purchaser's Deliveries. At the Closing, Purchaser shall, as applicable, execute and/or deliver the following:

(i) The Purchase Price payable in cash or cash equivalent at Closing;

(ii) Such documents evidencing the legal status, good standing and authority of Purchaser that may be required by the Title Company for issuance of the Title Policy;

- (iii) The Closing Statement;
- (iv) The Commercial Lease;
- (v) The Assumption of Cell Tower Lease; and
- (vi) Such other documents as may be reasonably required to complete the transaction as set forth in this Agreement.

11. Possession. Possession of the Property shall be delivered to Purchaser by Seller upon Closing only subject to the Cell Tower Lease. All other leases shall be terminated as of Closing. Seller shall remove all personal property, debris, trash, rubbish, garbage, rubble, and waste from the Property before the Closing Date.

12. Seller's Representations and Warranties. Seller represents and warrants to Purchaser as of the Execution Date and as of Closing as follows:

A. Seller has fee simple title to the Property and Seller will convey the same to Purchaser at Closing subject only to those matters and exceptions specified herein.

B. Seller has all requisite power and authority to execute and deliver this Agreement, the Deed and all instruments and documents required to consummate the transactions contemplated herein, and to deliver title to Purchaser upon Closing in the form and condition required by this Agreement.

C. This Agreement does not, and will not, conflict with or violate a judgment of any court or arbitrator or any agreement to which the Seller or the Property is bound or subject.

D. Seller is not a "foreign person," "foreign partnership," "foreign trust," or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.

E. Seller has received no written notice of any special assessment against the Property that is not now a lien or shown on the taxing authority's records, and no improvements have been installed, the full cost of which is to be assessed against the Property in the future.

F. There exist no (i) orders from or agreements with any governmental authority or private party or any judicial or administrative proceedings or investigations, whether pending or threatened, respecting any environmental, health or safety requirements under federal, state or local laws or regulations relating to the Property, or (ii) pending, asserted or threatened claims or matters involving liabilities, obligations or costs arising from the existence, release or threatened or alleged release of any Hazardous Substances at, on, beneath or from the Property.

G. To the best of Seller's actual knowledge without any investigation or study: (i) the Property has at all times been operated in accordance with all Environmental Laws; (ii) no Hazardous Substances have been treated, recycled, transported, stored or disposed of (intentionally or unintentionally) on, under or at the Property; (iii) the Property has never appeared on any federal or state registry of active or inactive hazardous waste sites; (iv) there has been no release or

threatened release of any Hazardous Substances from, at or to the Property; (v) there have not been nor are there now any Hazardous Substances present on, at, in, upon or migrating to or from the Property; (vi) there have been no activities on the Property that would subject Purchaser to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or common law theory of liability; and (vii) there are no, and have not ever been any, underground storage tanks or wells on, at or beneath the Property. "Environmental Laws" shall mean any past, present or future international, federal, state or local statute, law, regulation, order, consent, decree, judgment, permit, license, code, covenant, deed restriction, ordinance or other requirement relating to public health, safety or the environment, including, without limitation, those relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, or to the use and handling of Hazardous Substances. "Hazardous Substances" shall mean any hazardous or toxic material, substance or waste, pollutant or contaminant which is defined as a hazardous substance or hazardous waste under any Environmental Laws, excluding materials used for agricultural practices.

H. The Property is not in violation of any law or any building, zoning, environmental, health or other ordinance, code, rule or regulation. No notice from any governmental body or other person has been served upon Seller or upon the Property claiming the violation of any such law, ordinance, code, rule or regulation. There are no legal actions, suits or administrative proceedings, including condemnation cases, eminent domain proceedings, historic designations or rezoning of all or any portion of the Property commenced, pending or threatened against the Property or any portion thereof. Seller has not received notice of any contemplated condemnation relating to the Property or any portion thereof.

I. To Seller's knowledge, there is no litigation or claim pending or threatened against or involving the Seller or the Property which would prevent Seller in the performance of Seller's obligations to sell the Property in accordance with the terms of this Agreement.

J. To Seller's knowledge, no condemnation or public appropriation action against the Property is pending, nor has Seller received written notice of any contemplated condemnation or appropriation action against the Property.

K. Other than the Cell Tower Lease and the Tenant Leases that will be terminated prior to Closing, the Property is not subject to any options, purchase or sale contracts, leases, licenses, or other rights of occupancy or agreements. From the Execution Date and until the Closing Date, Seller will neither do, commit or suffer to be done any act or thing or enter into any agreement, lease, or grant any encumbrance which would adversely affect Seller's present title to the Property.

L. Seller shall maintain the Property in its present condition, ordinary wear and tear excepted, if and until possession is delivered to Purchaser at Closing.

M. That there is access to the Property from a public right of way.

N. That there are no wetlands, flood plain, or shoreland on or affecting the Property.

O. To Seller's knowledge, there are no conditions that are protected by federal or state law (such as American Indian burial grounds, other human burial grounds, ceremonial earthworks, historical structures or materials, or archeological sites).

P. There are no assessments or charges currently due and outstanding for the installation of utilities serving the Property that have not been paid.

The representations and warranties of the Seller in this Section 12 shall survive the Closing and delivery of the Deed. Seller and Purchaser shall notify the other party in writing immediately if it learns that any of the foregoing representations and warranties becomes untrue or misleading in light of information obtained by Seller or Purchaser after the Execution Date including in such writing information that is required to correct such representation or warranty (a "Correction Notice") and the representation and warranty shall be deemed amended to include the updated information. In the event that any aforesaid representation is amended as herein provided on or before the Closing Date, Purchaser may, in Purchaser's sole discretion, at its option and by notice to Seller delivered within five (5) business days after the Correction Notice (and the Closing Date postponed if necessary), either (i) terminate this Agreement, and upon said termination, Purchaser shall receive an immediate refund of all Earnest Money, or (ii) accept the representation as amended by the Correction Notice and close the sale and purchase hereof. If a claim for breach of a representation in this Section 12 is made within twenty-four (24) months after the Closing, Seller agrees to reimburse and indemnify, defend and hold harmless the Purchaser, from and against all liability, damages and losses whatsoever, including reasonable attorneys' fees, resulting from any breach of the representations and warranties, provided that in no event shall Seller be liable for consequential, special or punitive damages. The Purchaser acknowledges and agrees that the representations and warranties contained in this Section 12 are the sole representations and warranties made by Seller in connection with respect to the condition of the Property. This indemnification is in addition to any remedies otherwise provided for herein.

13. Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller as of the Execution Date and as of Closing as follows:

A. Purchaser and the person or entity signing on behalf of Purchaser, has all requisite power and authority to execute and deliver this Agreement and all instruments and documents required to consummate the transactions contemplated herein.

B. There is no litigation or claim pending or threatened against or involving Purchaser which would impair Purchaser in the performance of Purchaser's obligations or purchase the Property in accordance with the terms of this Agreement.

14. Seller's Ongoing Interests and Conditions Precedent. Seller and Purchaser acknowledge and agree that Seller's obligation to consummate the Closing hereunder is expressly subject to and conditioned upon the satisfaction of the following conditions by the deadlines stated. Seller shall be entitled, at Seller's option, and in Seller's sole discretion, to (a) waive any and all of such conditions in whole or in part and proceed with Closing, or (b) terminate this Agreement by written notice to Seller by the deadline stated in which event Escrow Agent shall promptly refund the Earnest Money to Purchaser.

A. Approval of Preliminary Programming. On or before July 31, 2020, Seller shall approve the “Programming Plan” that will be prepared by Purchaser in coordination with the Seller. The Programming Plan shall detail worship and ministry space requirements. If Seller does not approve the Programming Plan, then it shall have the right to terminate this Agreement upon written notice to Purchaser on or before July 31, 2020.

B. Approval of Site Plan. On or before September 15, 2020, Purchaser shall prepare a conceptual site plan (the “Site Plan”) for Seller’s review and approval. During this period the parties shall work collaboratively to design a mutually agreeable Site Plan. Seller shall have until September 22, 2020, to terminate this Agreement by written notice to Purchaser. If Seller does not terminate the Agreement by September 22, 2020, then this contingency shall lapse and shall be of no further force or effect. The Site Plan shall include, at a minimum, the following: (i) gross square feet of space that will be available for Seller’s worship and ministry spaces; (ii) approximate location of the worship and ministry spaces; (iii) the parking that will be available to the Seller for its worship and ministry purposes.

C. Negotiation of Commercial Lease Term Sheet. On or before July 31, 2020, Seller shall approve a term sheet for a commercial lease that will be prepared by Purchaser in coordination with the Seller. If Seller does not approve the term sheet, then it shall have the right to terminate this Agreement upon written notice to Purchaser on or before July 31, 2020.

D. Approval of Commercial Lease. On or before September 1, 2020, Purchaser shall prepare a commercial lease (the “Commercial Lease”) for Seller’s review and approval. The parties anticipate that they will meet and negotiate the terms and conditions of this Commercial Lease during this period of time. Seller shall have until September 22, 2020, to terminate this Agreement by written notice to Purchaser. If Seller does not terminate the Agreement by September 22, 2020, then this contingency shall lapse and shall be of no further force or effect.

15. Assignment. Purchaser may assign Purchaser’s interest in this Agreement without Seller’s written consent to a subsidiary established by Purchaser where Purchaser retains controlling decision making authority upon written notice to Seller and the assignee shall become the Purchaser under this Agreement upon such written notice.

16. Default. In the event that Purchaser defaults in the observance or performance of its covenants and obligations hereunder, Seller agrees that Seller’s sole remedy at law or in equity shall be to retain the Earnest Money. Such Earnest Money shall constitute liquidated damages due and payable to Seller, the amount thereof being the parties’ good faith and reasonable estimate of the damages which Seller would suffer in the event of the termination of this Agreement by reason of Purchaser’s fault. Seller shall have no right to any other remedies at law or in equity, including the right to specific performance. Seller acknowledges Purchaser will spend substantial sums of money in reliance on the enforceability of this Agreement and Seller waives the right to assert the defense of lack of mutuality in any action for specific performance instituted by Purchaser. The foregoing shall not apply to claims for breach of representations as provided in Section 13, breach of covenants that will occur only after the Closing or indemnification, including claims that survive the termination of this Agreement.

If Seller defaults under this Agreement, Purchaser shall have any and all remedies available to it under this Agreement and otherwise at law or in equity including, without limitation: (i) the right of specific performance; and (ii) the right to terminate this Agreement at any time after such default by delivering written notice of termination to Seller and/or sue for damages. In the event of any such termination, all Earnest Money shall be immediately returned to Purchaser. All of Purchaser's remedies shall be cumulative and not exclusive. The foregoing shall not apply to claims for breach of representations and warranties as provided in Section 12, breach of covenants that will occur only after the Closing or indemnification, including claims that survive the termination of this Agreement.

17. Purchaser Conditions to Closing. The obligation of Purchaser to consummate the Closing hereunder is expressly subject to and conditioned upon the satisfaction of the following conditions by the deadline stated. Purchaser shall be entitled, at Purchaser's option, and in Purchaser's sole discretion, to (a) waive any and all of such conditions in whole or in part and proceed with Closing, or (b) terminate this Agreement by written notice to Seller by the deadline stated in which event Escrow Agent shall promptly refund the Earnest Money to Purchaser. Purchaser's failure to provide timely notice shall be deemed notice of termination of this Agreement.

A. **Document Review Contingency.** Seller delivering to Purchaser, to the extent that such documents exist and are within Seller's possession or control, within fifteen (15) days of the Execution Date, true and correct copies of the following documents, if such documents currently exist, which shall be subject to Purchaser's review and approval during the Due Diligence Period:

- (i) A copy of the last two (2) years' property tax bills;
- (ii) All easements and building and use restrictions and covenants applicable to the Property;
- (iii) Copies of all surveys which describe the Property;
- (iv) Copies of the Tenant Leases and the Cell Tower Lease; and
- (v) Copies of all environmental reports and soil reports on the Property.

B. **Financing Contingency.** Purchaser obtaining financing that is satisfactory to Purchaser during the Due Diligence Period. Purchaser's financing may include conventional financing in amounts and with rates and terms that are acceptable to Purchaser and receipt of Low-Income Housing Tax Credits. Purchaser shall make timely application for financing and diligently pursue the same.

C. **Zoning and Permits Contingency.** Purchaser obtaining any and all approvals and permits necessary for the construction of the Purchaser's development project at the Property including, but not limited to, any governmental agency approvals, permits, and zoning changes necessary during the Due Diligence Period. Time is of the essence in performing this task and Purchaser shall promptly and timely apply for and diligently pursue all approvals and permits

Purchaser deems necessary. At the reasonable request of Purchaser, Seller, at no cost to Seller, shall reasonably cooperate with Purchaser in its efforts to obtain special use or other required permits or authorizations allowing Purchaser to utilize the Property for its business including, but not limited to, executing petitions or applications to promote the development process. Purchaser shall provide Seller with regular written reports on the progress of processing the land use entitlements, Such reports shall be at least monthly.

D. **Board of Director Approval Contingency.** Purchaser obtaining the approval of its Board of Directors on or before sixty (60) days following the Execution Date.

18. Additional Covenants of Seller. Seller covenants and agrees as follows:

A. **Cell Tower Lease.** Seller is a party to that certain Building and Rooftop Lease Agreement dated December 28, 2001, by and between Seller as successor in interest to Laguna Baptist Church and Sacramento-Valley Limited Partnership d/b/a Verizon Wireless as amended by that certain First Amendment to Building and Rooftop Lease Agreement dated December 28, 2001 and that certain Second Amendment to Building and Rooftop Lease Agreement dated August 27, 2002 (collectively the “Cell Tower Lease”). Seller shall assign and Purchaser shall assume the Cell Tower Lease at Closing.

B. **Termination of Tenant Leases.** Seller shall not enter into any new lease or license, submit or consider any proposal for a new lease or license, or extend any current lease or license without the Purchaser’s prior written consent, which consent may be withheld in Purchaser’s sole judgment. Further, Seller shall terminate any and all leases with tenants of the Property (the “Tenant Leases”) prior to Closing and all tenants shall have surrendered the Property prior to Closing.

C. **Service Contracts.** Seller shall not enter into any new service contract which is not terminable on thirty (30) days prior notice without Purchaser’s prior written consent, which may be withheld in Purchaser’s sole discretion. On or before Closing, Seller shall, at its sole cost and expense, terminate all service contracts.

19. Property Damage Between Acceptance and Closing. Seller shall maintain the Property until Closing in materially the same condition as of the Execution Date, except for ordinary wear and tear. If, prior to Closing, the Property is damaged in an amount of not more than five percent (5%) of the Purchase Price, Seller shall be obligated to repair the Property and restore it to the same condition that it was on the Execution Date. If the damage shall exceed such sum, Seller shall promptly notify Purchaser in writing of the damage and this Agreement may be canceled at the option of Purchaser. Should Purchaser elect to carry out this Agreement despite such damage, Purchaser shall be entitled to the insurance proceeds relating to the damage to the Property, plus a credit towards the Purchase Price equal to the amount of Seller’s deductible on such policy.

20. Binding Effect. This Agreement is not binding until original or PDF counterparts of this Agreement have been executed and exchanged by Seller and Purchaser and shall thereafter be binding upon the parties and their respective successor and assigns.

21. Notices. All notices and other communications hereunder shall be in writing and shall be delivered personally, by email with an open receipt, or shall be sent by certified United States Mail service, postage prepaid and return receipt requested, or by nationally recognized overnight delivery service, addressed to the parties as follows:

As to Seller: Light of the Valley Church
c/o Pastor James Reed
9270 Bruceville Road
Elk Grove, CA 95758
Email: pastor@lightofthevalley.net

With a copy to: Steve Herum
5757 Pacific Avenue, Suite 222
Stockton, CA 95207
Email: sherum@herumcrabtree.com

As to Purchaser: Bethesda Cornerstone Village, LLC
c/o Tom Campbell
600 Hoffmann Drive
Watertown, WI 53094
Email: tom.campbell@bethesdalc.org

With a copy to: Chris A. Jenny
von Briesen & Roper, s.c.
10 East Doty Street, Suite 900
Madison, WI 53703
Email: cjenny@vonbriesen.com

Any notice in accordance herewith shall be deemed received when personal, nationally recognized overnight delivery service, or courier delivery is received or refused. Additionally, notices may be given by email of a pdf copy of said notice, provided that an original copy of said emailed notice shall be sent to the addressee by nationally recognized overnight delivery service for overnight delivery on the day following such email.

22. Brokers. Seller represents and warrants that no real estate broker has been involved in this transaction on its behalf. Purchaser represents and warrants that no real estate broker has been involved in this transaction on its behalf. If any broker should make a claim for a commission based upon the actions of Seller, Seller shall indemnify, defend and hold Purchaser harmless from such claim. If any broker should make a claim for a commission based upon the actions of Purchaser, Purchaser shall indemnify, defend and hold Seller harmless from such claim. The provisions of this Section shall survive the closing and delivery of the Deed.

23. Multiple Counterparts. This Agreement may be executed in a number of identical counterparts. If so executed, each of such counterparts shall, collectively, constitute one agreement. Neither this Agreement nor any memorandum thereof shall be recorded.

24. **Time of the Essence.** The parties hereto expressly agree that time is of the essence with respect to this Agreement.

25. **Entire Agreement.** This Agreement embodies the entire agreement of the parties with respect to the transaction herein contemplated, superseding all prior agreements and communications whether oral or written. Any amendments hereto shall be in writing and executed by the party against whom enforcement of the modification is sought.

26. **Severability.** If any provision of this Agreement or application to any party or circumstances shall be determined to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

27. **Waiver.** The failure of a party to insist in any one or more instance upon the strict performance of any one or more of the obligations under this Agreement, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Agreement or of the right to exercise such election, but the same shall continue and remain in full force and effect with respect to any subsequent breach or omission.

28. **Governing Law; Jurisdiction; Construction; Miscellaneous.** The captions are used only as a matter of convenience and are not to be considered a part of this Agreement or to be used in determining the intent of the parties to it. This Agreement and all transactions contemplated by this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of California without regard to principles of conflicts of laws.

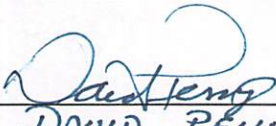
29. **Costs of Enforcement.** If any suit or action arising out of or related to this Agreement is brought by any party, the prevailing party shall be entitled to recover the costs and fees (including without limitation reasonable attorney fees and costs) incurred by such party in such suit or action.

30. **Exclusivity.** Seller agrees not to offer to sell or otherwise dispose of the Property and not to discuss, negotiate or accept any agreement for the sale or disposition of the Property to any third party from the Execution Date until the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have, by their duly authorized representatives, executed this Agreement as of the date indicated above.

SELLER:

LIGHT OF THE VALLEY CHURCH

By: 
Name: DAVID PENNEY

Title: _____

Date: _____

PURCHASER:

BETHESDA CORNERSTONE VILLAGE, LLC

By:  _____
CF2539D9FA7842C

Name: Jeff Kaczmariski _____

Title: Executive Vice President & Chief Legal Officer _____

Date: 5/27/2020 _____

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

Legal Description:

Real property in the City of Elk Grove, County of Sacramento, State of California, described as follows:

ALL THAT PORTION OF THE NORTHWEST ONE-QUARTER OF SECTION 34, TOWNSHIP 7 NORTH, RANGE 5 EAST, M.D.B.&M, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN A DECREE QUIETING TITLE ENTERED BY SUPERIOR COURT FOR SACRAMENTO COUNTY IN SUIT NO. 85570, ENTITLED THEODORE EHNISZ ET AL, VS. FRED C. DICKSON, ET AL, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 26, 1951 IN BOOK 2012 PAGE 208, OFFICIAL RECORDS; FROM WHICH A 1 ¼ INCH IRON PIPE MARKING THE NORTHWEST CORNER OF SAID SECTION 34 BEARS NORTH 01° 28' 16" WEST 256.85 FEET, SOUTH 89° 12' 01" WEST 2549.25 FEET AND NORTH 00° 07' 56" WEST 446.30 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG SAID EAST LINE SOUTH 01° 28' 16" EAST 500.00 FEET; THENCE SOUTH 88° 41' 32" WEST 356.96 FEET; THENCE NORTH 00° 43' 30" WEST 500.00 FEET; THENCE NORTH 88° 41' 32" EAST 355.54 FEET TO THE POINT OF BEGINNING.

Parcel ID: 11600610110000

EXHIBIT B

ESCROW AGREEMENT

Light of the Valley Church (“Seller”) and Bethesda Cornerstone Village, LLC, a Wisconsin limited liability company (“Purchaser”) are parties to the purchase and sale of certain real estate (“Property”) described in that certain Real Estate Purchase and Sale Agreement dated May 27, 2020 (“Purchase Agreement”). As provided in the Purchase Agreement, Purchaser has deposited the sum of \$5,000 (“Earnest Money”) with First American Title Insurance Company (“Title Company”). Title Company is holding the Earnest Money in a non-interest bearing account with an institution whose accounts are insured by a governmental agency or instrumentality.

Upon notification by either party in writing that a closing with respect to the Property has occurred, Title Company must pay the Earnest Money to the Seller to be applied against the Purchase Price. If either party notifies Title Company that the Property will not be purchased by Purchaser, Title Company must pay the Earnest Money as follows:

1. Upon receipt of instruments regarding the release of the Earnest Money executed by both parties Title Company must deliver the Earnest Money pursuant to such instructions.
2. If Seller produces an affidavit signed by Seller stating that Purchaser has not elected to purchase the Property and Purchaser confirms that fact in writing, Title Company must deliver the Earnest Money to Purchaser.
3. If Purchaser produces an affidavit signed by Purchaser stating that Purchaser elects not to purchase the Property or that Purchaser has terminated the Purchase Agreement and Seller confirms that fact in writing, Title Company must deliver the Earnest Money to Seller.

Title Company has no responsibility for any decision concerning performance or effectiveness of the Purchase Agreement and is only responsible to act pursuant to the procedures set forth above. In the event of any dispute arising under this Agreement with respect to disposition of the Earnest Money or the entitlement of any party to the Earnest Money, Escrow Agent shall not be required to determine the resolution of any such dispute and Escrow Agent shall not be obligated to make any delivery of the Earnest Money, but in such event, Escrow Agent may hold the Earnest Money until receipt by Escrow Agent of an authorization in writing signed by both Seller and Purchaser directing the disposition of same. In the absence of such authorization, Escrow Agent may hold the Earnest Money until the final determination of the rights of the parties in an appropriate action or proceeding. If such written authorization is not given, or if proceedings for such determination are not commenced and diligently continued to a resolution of such dispute, Escrow Agent may, but is not required to, bring an appropriate action for leave to deposit the Earnest Money in any court of competent jurisdiction in the state in which the Property is located pending such determination and to submit resolution of such dispute to a court of competent jurisdiction by action of interpleader. Escrow Agent shall not be responsible for any acts or omissions unless the same constitute willful misconduct or gross negligence, and upon delivery of the Earnest Money in accordance with the terms of this Agreement, Escrow Agent shall have no further obligations or liabilities to the parties hereunder or in connection herewith in Escrow Agent’s capacity as escrow agent, except for any obligations or

liabilities arising from Escrow Agent's gross negligence or willful misconduct. Purchaser and Seller agree to hold Title Company harmless from any claims or defenses arising out of this Escrow Agreement and indemnify Title Company for all costs and expenses in connection with this escrow, including court costs, attorney's fees, except for claims arising out of Title Company's failure to account for the funds held and costs and expenses incurred by the parties in connection with such a claim.

To the extent the provisions of this Escrow Agreement are inconsistent with the provisions of the Purchase Agreement, the provisions of the Escrow Agreement shall prevail.

Escrow Agent's fee for acting as escrow agent is \$0.00.

Seller:
LIGHT OF THE VALLEY CHURCH

Purchaser:
BETHESDA CORNERSTONE VILLAGE, LLC

By: _____
Its: _____

DocuSigned by:
By: Jeff Kaczmariski
CF2539D9FA7842C...
Its: Executive Vice President & Chief Legal Officer

Escrow Agent acknowledges receipt of this Escrow Agreement and the Earnest Money and agrees to hold the Earnest Money as above specified.

Dated this ____ day of _____, 2020

FIRST AMERICAN TITLE INSURANCE COMPANY

By: _____
Its: _____

liabilities arising from Escrow Agent's gross negligence or willful misconduct. Purchaser and Seller agree to hold Title Company harmless from any claims or defenses arising out of this Escrow Agreement and indemnify Title Company for all costs and expenses in connection with this escrow, including court costs, attorney's fees, except for claims arising out of Title Company's failure to account for the funds held and costs and expenses incurred by the parties in connection with such a claim.

To the extent the provisions of this Escrow Agreement are inconsistent with the provisions of the Purchase Agreement, the provisions of the Escrow Agreement shall prevail.

Escrow Agent's fee for acting as escrow agent is \$0.00.

Seller:
LIGHT OF THE VALLEY CHURCH

Purchaser:
BETHESDA CORNERSTONE VILLAGE, LLC

By: _____
Its: _____

DocuSigned by:
By: Jeff Kazmariski
Its: Executive Vice President & Chief Legal Officer

Escrow Agent acknowledges receipt of this Escrow Agreement and the Earnest Money and agrees to hold the Earnest Money as above specified.

Dated this 15th day of June, 2020

FIRST AMERICAN TITLE INSURANCE COMPANY

By: [Signature]
Its: escrow officer

liabilities arising from Escrow Agent's gross negligence or willful misconduct. Purchaser and Seller agree to hold Title Company harmless from any claims or defenses arising out of this Escrow Agreement and indemnify Title Company for all costs and expenses in connection with this escrow, including court costs, attorney's fees, except for claims arising out of Title Company's failure to account for the funds held and costs and expenses incurred by the parties in connection with such a claim.

To the extent the provisions of this Escrow Agreement are inconsistent with the provisions of the Purchase Agreement, the provisions of the Escrow Agreement shall prevail.

Escrow Agent's fee for acting as escrow agent is \$0.00.

Seller:
LIGHT OF THE VALLEY CHURCH

Purchaser:
BETHESDA CORNERSTONE VILLAGE, LLC

By: [Signature]
Its: PASTOR

DocuSigned by:
By: Jeff Kaczmarzki
Its: Executive Vice President & Chief Legal Officer

Escrow Agent acknowledges receipt of this Escrow Agreement and the Earnest Money and agrees to hold the Earnest Money as above specified.

Dated this 15th day of June, 2020

FIRST AMERICAN TITLE INSURANCE COMPANY
By: [Signature]
Its: escrow officer

**FIRST AMENDMENT TO
REAL ESTATE PURCHASE AND SALE AGREEMENT**

This First Amendment to Real Estate Purchase and Sale Agreement (“Amendment”) entered into this 30th day of July, 2020, by and between Light of the Valley Church (“Seller”) and Bethesda Cornerstone Village, LLC, a Wisconsin limited liability company (“Purchaser”).

RECITALS

- A. Seller and Purchaser are parties to a certain Real Estate Purchase and Sale Agreement with an Execution Date of May 27, 2020 (the “Agreement”), for the purchase of certain real estate (the “Property”), comprised of land and improvements located at 9270 Bruceville Road, Elk Grove, California, and described more fully in the Agreement (capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Agreement).

- B. Seller and Purchaser desire to amend the terms of the Agreement as set forth herein.

- C.

- D. Section 14(A) of the Agreement entitled “Approval of Preliminary Programming” provides that Purchaser shall provide a Programming Plan on or before July 31, 2020. If Purchaser fails to provide a Programming Plan on or before July 31, 2020, Seller shall have the right to terminate the Agreement upon written notice.

- E. Section 14(D) of the Agreement entitled “Negotiation of Commercial Lease Term Sheet” provides that Purchaser shall provide a term sheet for a commercial lease. If Seller does not approve the term sheet on or before July 31, 2020, Seller shall have a right to terminate the Agreement upon written notice.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual promises, covenants, and conditions contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, Seller and Purchaser agree to the foregoing recitals and hereby agree and amend the Agreement as follows:

1. Approval of Preliminary Programming. In Section 14(A) of the Agreement, “July 31, 2020” is replaced with “September 30, 2020”.

2. Approval of Site Plan. In Section 14(B) of the Agreement, “September 15, 2020” is replaced with “October 15, 2020” and “September 22, 2020” is replaced with “October 22, 2020”.

3. Negotiation of Commercial Lease Term Sheet. In Section 14(C) of the Agreement, “July 31, 2020” is replaced with “September 30, 2020”.

4. Approval of Commercial Lease. In Section 14(D) of the Agreement, “September 1, 2020” is replaced with “November 1, 2020” and “September 22, 2020” is replaced with “November 20, 2020”.

5. Counterparts. This Amendment may be executed in any number of counterparts, but all of which, when taken together, shall constitute one and the same instrument.

6. Electronic Execution. This Amendment may be signed and transmitted electronically, and the signature of any person on an electronically transmitted copy hereof shall be considered an original signature; and an electronically transmitted copy hereof shall have the same binding effect as an original signature on an original document. At the request of any party hereto, any electronic copy of this Amendment shall be re-executed in original form. No party hereto may raise the use of electronic transmission or the fact that any signature was transmitted through the use of electronic transmission as a defense to the enforcement of this Amendment.

7. Authority. Each of the persons signing below in a representative capacity warrants and represents that he or she is duly authorized to execute this Amendment by and on behalf of the party for which each person is signing and that the terms of this Amendment and execution thereof have been duly authorized as required by the party for whom it is signing.

8. Effect on Agreement. Except as hereby amended, all other terms, conditions and provisions of the Agreement shall remain in full force and effect, and shall be binding and enforceable in accordance with their terms except as hereby expressly amended.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Real Estate Purchase and Sale Agreement as of the date first above written.

SELLER:

PURCHASER:

LIGHT OF THE VALLEY CHURCH

BETHESDA CORNERSTONE VILLAGE, LLC

By: 

By: 

Its: PASTOR

Its: Second Vice President

**SECOND AMENDMENT TO
REAL ESTATE PURCHASE AND SALE AGREEMENT**

This Second Amendment to Real Estate Purchase and Sale Agreement (“Amendment”) entered into this 7 day of November, 2020, by and between Light of the Valley Church (“Seller”) and Bethesda Cornerstone Village, LLC, a Wisconsin limited liability company (“Purchaser”).

RECITALS

- A. Seller and Purchaser are parties to a certain Real Estate Purchase and Sale Agreement with an Execution Date of May 27, 2020, as amended by that certain First Amendment to Real Estate Purchase and Sale Agreement dated July 30, 2020 (collectively the “Agreement”), for the purchase of certain real estate (the “Property”), comprised of land and improvements located at 9270 Bruceville Road, Elk Grove, California, and described more fully in the Agreement (capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Agreement).
- B. Seller and Purchaser desire to amend the terms of the Agreement as set forth herein.
- C. Section 14(A) of the Agreement entitled “Approval of Preliminary Programming,” currently provides that Purchaser shall provide a Programming Plan on or before September 30, 2020. If Purchaser fails to provide a Programming Plan on or before September 30, 2020, Seller shall have the right to terminate the Agreement upon written notice.
- D. Section 14(B) of the Agreement entitled “Approval of Site Plan” currently provides that Purchaser shall provide a Site Plan on or before October 15, 2020 for Seller’s review and approval. Seller shall have until October 22, 2020, to terminate the Agreement upon written notice.
- E. Section 14(C) of the Agreement entitled “Negotiation of Commercial Lease Term Sheet,” currently provides that Seller shall approve a term sheet for the Commercial Lease that will be prepared by Purchaser in coordination with Seller on or before September 30, 2020.
- F. Section 14(D) of the Agreement entitled “Approval of Commercial Lease” currently provides that Purchaser shall prepare a Commercial Lease for Seller’s review and approval on or before November 1, 2020, and Seller shall have until November 20, 2020, to terminate the Agreement upon written notice.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual promises, covenants, and conditions contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, Seller and Purchaser agree to the foregoing recitals and hereby agree and amend the Agreement as follows:

1. Approval of Preliminary Programming. In Section 14(A) of the Agreement, “September 30, 2020” is replaced with “February 15, 2021”.
2. Approval of Site Plan. In Section 14(B) of the Agreement, “October 15, 2020” is replaced with “March 15, 2021” and “October 22, 2020” is replaced with “March 31, 2021”.
3. Negotiation of Commercial Lease Term Sheet. In Section 14(C) of the Agreement, “September 30, 2020” is replaced with “March 15, 2021”.
4. Approval of Commercial Lease. In Section 14(D) of the Agreement, “November 1, 2020” is replaced with “April 15, 2021” and “November 20, 2020” is replaced with “May 15, 2021”.
5. Counterparts. This Amendment may be executed in any number of counterparts, but all of which, when taken together, shall constitute one and the same instrument.
6. Electronic Execution. This Amendment may be signed and transmitted electronically, and the signature of any person on an electronically transmitted copy hereof shall be considered an original signature; and an electronically transmitted copy hereof shall have the same binding effect as an original signature on an original document. At the request of any party hereto, any electronic copy of this Amendment shall be re-executed in original form. No party hereto may raise the use of electronic transmission or the fact that any signature was transmitted through the use of electronic transmission as a defense to the enforcement of this Amendment.
7. Authority. Each of the persons signing below in a representative capacity warrants and represents that he or she is duly authorized to execute this Amendment by and on behalf of the party for which each person is signing and that the terms of this Amendment and execution thereof have been duly authorized as required by the party for whom it is signing.
8. Effect on Agreement. Except as hereby amended, all other terms, conditions and provisions of the Agreement shall remain in full force and effect, and shall be binding and enforceable in accordance with their terms except as hereby expressly amended.

[Signatures on following page]

**APPRAISAL OF REAL PROPERTY
IN A RESTRICTED APPRAISAL REPORT**

9270 BRUCEVILLE CHURCH PROPERTY

Church of the Light & Fortune Early College High School
Appraisal of Fee Simple Real Estate
9270 Bruceville Road
Elk Grove, Sacramento County, California 95758



DATE OF VALUE:

"As If Vacant": April 14, 2020

"As Is": April 14, 2020

PREPARED FOR:

Natasha Valvo
Service 1st LLC

For

BETHESDA LUTHERAN COMMUNITIES

600 Hoffman Drive
Watertown, Wisconsin 53094



PREPARED BY:

Roger McDonald Hodge, MAI

REAL ESTATE VALUATION & ADVISORY SERVICES

2370 Market Street #200
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RMH File No. 20-105



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April 20, 2020

Natasha Valvo
Service 1st LLC
For
BETHESDA LUTHERAN COMMUNITIES
600 Hoffman Drive
Watertown, Wisconsin 53094

Appraisal of **9270 Bruceville Church Property**
Church of the Light & Fortune Early College High School
Appraisal of Fee Simple Real Estate
9270 Bruceville Road
Elk Grove, Sacramento County, California 95758
Loan #: 11111

In fulfillment of our agreement as outlined in the Letter of Engagement, Roger McDonald Hodge, MAI has prepared an appraisal of the market value of the above referenced property. Our analysis is presented in the following Restricted Appraisal Report.

The subject of this appraisal is the church and school property located at 9270 Bruceville Road in Elk Grove, in southern Sacramento County, California. The Church of the Light has a 3,710 square foot church /sanctuary facility built in 2002, located in the southern portion of the site. There are two rows of newer modular classroom buildings for Fortune Early College High School located in the southwestern portion of the site. The classrooms were added in 2017 and contain a total of 8,870 square feet in three buildings. The total net rentable and gross building area of the subject buildings is 12,580 square feet.

The total site area is 4.09 acres, of which 2.34 acres are improved with the church and school and parking lot. The remaining 1.75 acres are located in the northern portion of the site, and the southeast portion, and are considered excess land, available to redevelop with multi-family uses. The subject's Sacramento County Assessor's parcel number is 116-0061-011-0000.

The subject's zoning is RD-15 – Medium Density Residential which allows 15 units per acre development of multi-family project types. With the inclusion of affordable housing units, there is a 35% bonus applicable to the base allowable units. For redevelopment of the entire 4.09 acre site, 82 units are allowed, which is the Highest & Best Use, as if vacant. For redevelopment of the 1.75 acre excess land site, a total of 35 units would be allowed on the excess land area. The Highest & Best Use of the subject, as improved, is for continued use of the church and school facility, and redevelopment of the 1.75 acres of vacant land with allowed multi-family units.

The intended user of this appraisal report is the client, Bethesda Lutheran Communities. This appraisal report is intended to be used by the client for loan underwriting and-or financial planning, and potential future redevelopment.

Data, information, and calculations leading to the value conclusions are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in conformance with our interpretation of the appropriate regulations and guidelines set forth by the client, Bethesda Lutheran Communities.

Based on the analysis contained in the following report, the market value of the subject land "as if vacant", and the improved subject property "as is", i.e. both as if fee simple interest, have been concluded as follows:

MARKET VALUE CONCLUSIONS			
Appraisal Premise	Interest Appraised	Date of Value	Market Value
Market Value - Land "As If Vacant"	As If Fee Simple Interest	April 14, 2020	\$2,440,000
Market Value - Improved "As Is"	As If Fee Simple Interest	April 14, 2020	\$2,680,000
Estimated by RMH			

Extraordinary Assumption: *The tower building on the subject's Assessor Parcel does not benefit the current church ownership and they may not sell it. Consequently, the tower building is excluded from being in the subject property appraised in this appraisal report.*

VALUATION SERVICES

Bethesda Lutheran Communities
April 20, 2020
Page 3

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if we can be of further service, please contact us.

Respectfully submitted,

ROGER MCDONALD HODGE – VALUATION SERVICES



Roger McDonald Hodge, MAI
Real Estate Valuation & Advisory Services
Certified General Real Estate Appraiser – CA & TX
CA Certification No. AG021679
Expiration: June 12, 2021

Phone: (972)-201-6191
Email: Roger_Hodge@live.com

VALUATION SERVICES

CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions set forth, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal, such as the approval of a loan.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, as well as the requirements of the State of California.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. Roger M. Hodge, MAI has extensive professional experience in the appraisal/review of similar property types.
11. Roger M. Hodge, MAI is currently certified in the state where the subject is located.
12. Roger M. Hodge, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
13. Roger M. Hodge, MAI has made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the persons signing this report.
15. The appraisers have not provided any services, as appraisers or in any other capacity, regarding the subject property, in the three years prior to accepting this assignment.



Roger McDonald Hodge, MAI

Real Estate Valuation & Advisory Services

Certified General Real Estate Appraiser – CA & TX

CA Certification No. AG021679

Expiration: June 12, 2021

SUBJECT PHOTOGRAPHS



Light of the Valley Church – south view



Classrooms and Church – south side



Looking north at west side of parking



Looking north at parking and land



West view of the fire lane on south side



Looking west across the north side

SUBJECT PHOTOGRAPHS



Light of the Valley Church – front entry



Front elevation of church



Looking north at rear elevation of church



Church Sanctuary



Rear view of the Sanctuary



Front entry 'Nathex' to the Sanctuary

SUBJECT PHOTOGRAPHS



Church kitchen



40'x10' Container Buildings



North side of the Classroom Buildings



View between rows of classrooms



Southwest view of the west classrooms



Covered walk and lockers

SUBJECT PHOTOGRAPHS



Classroom building offices



Classroom building lunch room



Typical classroom



Typical classroom



Playground equipment – tower beyond



Tower building fronting Bruceville Road

SUMMARY OF SALIENT FACTS

Property Name	9270 Bruceville Church Property
Location	Church of the Light & Fortune Early College High School 9270 Bruceville Road, Elk Grove Sacramento County, CA 95758
Client Loan Number	11111
Assessor's Parcel Number	116-0061-011-0000
Highest and Best Use	
As Vacant	Multi-Family development with affordable component
As Improved	Church & School; for excess land - develop with multi-family with affordable component
Property Rights Appraised	As If Fee Simple Interest

Please refer to the Tower Analysis section of this appraisal report - leased tower not included in subject.

Land Area			<i>Allowable Units</i>
Improved Land Area (Church & School)	2.34 AC	101,860 SF	<i>47 Units</i>
Excess Land Area	1.75 AC	76,200 SF	<i>35 Units</i>
Entire Subject Land Area	4.09 AC	178,160 SF	<i>82 Units</i>

Improvements	
Property Type	Church and School - plus 1.75 Acres of Excess Land
Number of Buildings	Nine (Church and Eight Interconnected Classrooms)
Number of Stories	One Story
Gross Building Area	12,580 SF
Net Rentable Area:	
Church of the Light Building	3,710 SF
School Classrooms - East Row	4,170 SF
School Classrooms - West Row	<u>4,700 SF</u>
Total Net Rentable Area	12,580 SF
Current Occupancy	100.0%
Year Originally Built	2002 for church / 2017 for classrooms
Remaining Economic Life	25 Years
Exterior Condition	Very Good
Interior Condition	Very Good
Estimated Exposure Time	12 Months

VALUATION - MULTI-FAMILY LAND "AS IF VACANT"	Total	Per Allowable Unit
Cost Approach	Not Utilized	----
Sales Comparison Approach	\$2,440,000	\$29,756
Income Capitalization Approach	Not Utilized	----

VALUATION - IMPROVED "AS IS"

	<i>Total</i>		<i>Per SF of NRA</i>
Cost Approach	Not Utilized		-----
Sales Comparison Approach:			
<i>Sales Comparison Approach - Church & School Portion</i>	<i>\$1,640,000</i>	<i>2.34 Acres</i>	<i>\$130.37</i>
<i>Sales Comparison Approach - Excess Land Portion</i>	<i>\$1,040,000</i>	<i>1.75 Acres</i>	-----
Sales Comparison Approach - Entire Subject	\$2,680,000	4.09 Acres	-----
Income Capitalization Approach	Not Utilized		-----

CONCLUDED MARKET VALUES

Appraisal Premise	Interest Appraised	Date of Value	Exposure	Market Value
Market Value - Land "As If Vacant"	As If Fee Simple Interest	April 14, 2020	12 Months	\$2,440,000
Market Value - Improved "As Is"	As If Fee Simple Interest	April 14, 2020	12 Months	\$2,680,000

Estimated by RMH

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INTRODUCTION

PROPERTY CHARACTERISTICS

The subject of this appraisal is the church and school property located at 9270 Bruceville Road in Elk Grove, in southern Sacramento County, California. The Church of the Light has a 3,710 square foot church /sanctuary facility built in 2002, located in the southern portion of the site. There are two rows of newer modular classroom buildings for Fortune Early College High School located in the southwestern portion of the site. The classrooms were added in 2017 and contain a total of 8,870 square feet in three buildings. The total net rentable and gross building area of the subject buildings is 12,580 square feet.

The total site area is 4.09 acres, of which 2.34 acres are improved with the church and school and parking lot. The remaining 1.75 acres are located in the northern portion of the site, and the southeast portion, and are considered excess land, available to redevelop with multi-family uses. The subject's Sacramento County Assessor's parcel number is 116-0061-011-0000. The floor area ratio based on the 4.09 acre site is 0.07:1. Based on the 2.34 acre improved portion of the site, the floor area ratio is 0.12:1, which is in line with the comparable improved church/school sales utilized in the Sales Comparison Approach.

The subject's zoning is RD-15 – Medium Density Residential which allows 15 units per acre development of multi-family project types. With the inclusion of affordable housing units, there is a 35% bonus applicable to the base allowable units. For redevelopment of the entire 4.09 acre site, 82 units are allowed, which is the Highest & Best Use, as if vacant. For redevelopment of the 1.75 acre excess land site, a total of 35 units would be allowed on the excess land area. The Highest & Best Use of the subject, as improved, is for continued use of the church and school facility, and redevelopment of the 1.75 acres of vacant land with allowed multi-family units.

TOWER ANALYSIS

The subject Assessor Parcel also has a tower building located on the east side on Bruceville Road, which has been long term leased prior to the current church ownership. It has little if any benefit to the current church operation, as there reportedly is no income received, the building is maintained for 99 years, and use is prohibited from the church operation. The tower has significant cell antennae and other rooftop antennae installed, and does not benefit the church ownership. Furthermore, the tower may not be sold by the subject parcel ownership. The tower building contains 340 square feet on the ground floor, and is roughly 40 feet or so high. Consequently, the tower building has been excluded as a part of the subject property in this appraisal report.

Extraordinary Assumption: *The tower building on the subject's Assessor Parcel does not benefit the current church ownership and they may not sell it. Consequently, the tower building is excluded from being in the subject property appraised in this appraisal report.*

EXTRAORDINARY ASSUMPTION

USPAP defines an *Extraordinary Assumption* as “an **assumption**, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

PROPERTY HISTORY

The subject property is owned by Light of the Valley Church. There have been no transfers of the subject property within the last three years; the Assessor’s records show the last transfer was in 2004.

The classroom buildings were reportedly installed in 2017 for use by the Fortune Early College High School. Fortune has a one year NNN lease with the initial term expiring July 31, 2018, and three one-year options to extend available, which were exercised. In addition, the tenant is going to lease the property on a month-to-month basis until their new school is completed in latter 2021. At that time, the subject ownership can re-lease the classrooms to another entity such as a charter school, and reportedly are actively seeking a replacement tenant.

INTENDED USE AND USER OF REPORT

The intended user of this appraisal report is the client, Bethesda Lutheran Communities, and no other users.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. ³

PROPERTY RIGHTS APPRAISED

The subject property is appraised as if fee simple estate interest. The leased tower building is excluded from the subject property in this appraisal report. Also, the classrooms have a short term lease remaining which goes to month-to-month as of August 1, 2021. Consequently, the fee simple interest is the basis of valuation for the subject property.

PREMISE OF THE APPRAISAL / RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject and the valuation premise(s):

PREMISE OF THE APPRAISAL / RELEVANT DATES	
Date of Report:	April 20, 2020
Dates of Inspection:	April 3 and 14, 2020
Date of Value	
Market Value - Land "As If Vacant":	April 14, 2020
Market Value - Improved "As Is"	April 14, 2020
Compiled by RMH	

The appraiser inspected the interior and exterior of the subject property, and noted the current status and condition of the property.

TERMS AND DEFINITIONS

The Glossary of Terms in the addenda provides definitions for additional terms that are, and may be used in this appraisal.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This appraisal of the subject has been presented in the form of an Appraisal Report, and is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), current edition as published by the Appraisal Foundation, Washington DC.

This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Standards of Professional Appraisal Practice (reference the reporting requirements set forth under Standards Rule 2- 2(b) of USPAP). The appraiser considers all known applicable approaches to value and has utilized only the most applicable approaches. The value conclusion reflects all known information about the subject property, market conditions, and available data. The appraisers completed the following steps for this assignment:

Extent to Which the Property is Identified

The appraisers collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject property. The property was legally identified through its postal address and assessor's records.

Extent to Which the Property is Inspected

The appraisers inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

The appraisers reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and/or local market participants, available published data, and other various resources. The appraisers also conducted regional and/or local research with respect to applicable tax data, zoning requirements, demographics, income and expense data, and comparable sale, listing and rental information.

Type and Extent of Analysis Applied

The appraisers analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. Approaches to value used include the sales comparison approach. The steps required to complete each approach are discussed in the methodology section. The appraisers then correlated and reconciled the results into reasonable and defensible value

conclusions, as defined herein. A reasonable exposure time and marketing time associated with the value estimate presented have also been concluded.

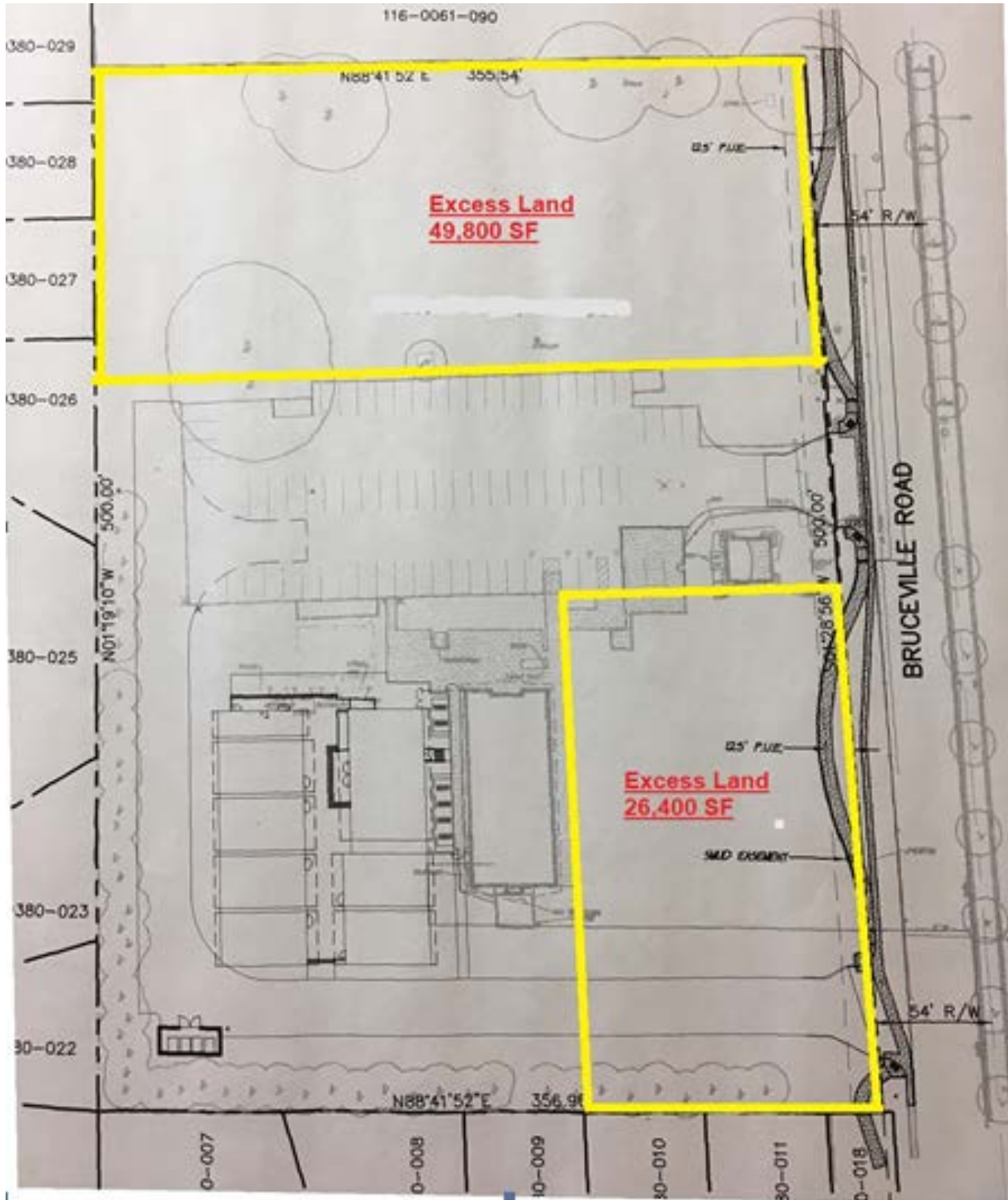
SPECIAL APPRAISAL INSTRUCTIONS

The appraiser recommended, and the client authorized, use of the sales comparison approach for valuation, and the cost approach and income capitalization approach were not required, and were not utilized in this restricted appraisal report.

SITE INFORMATION
ASSESSOR'S SITE PLAT MAP

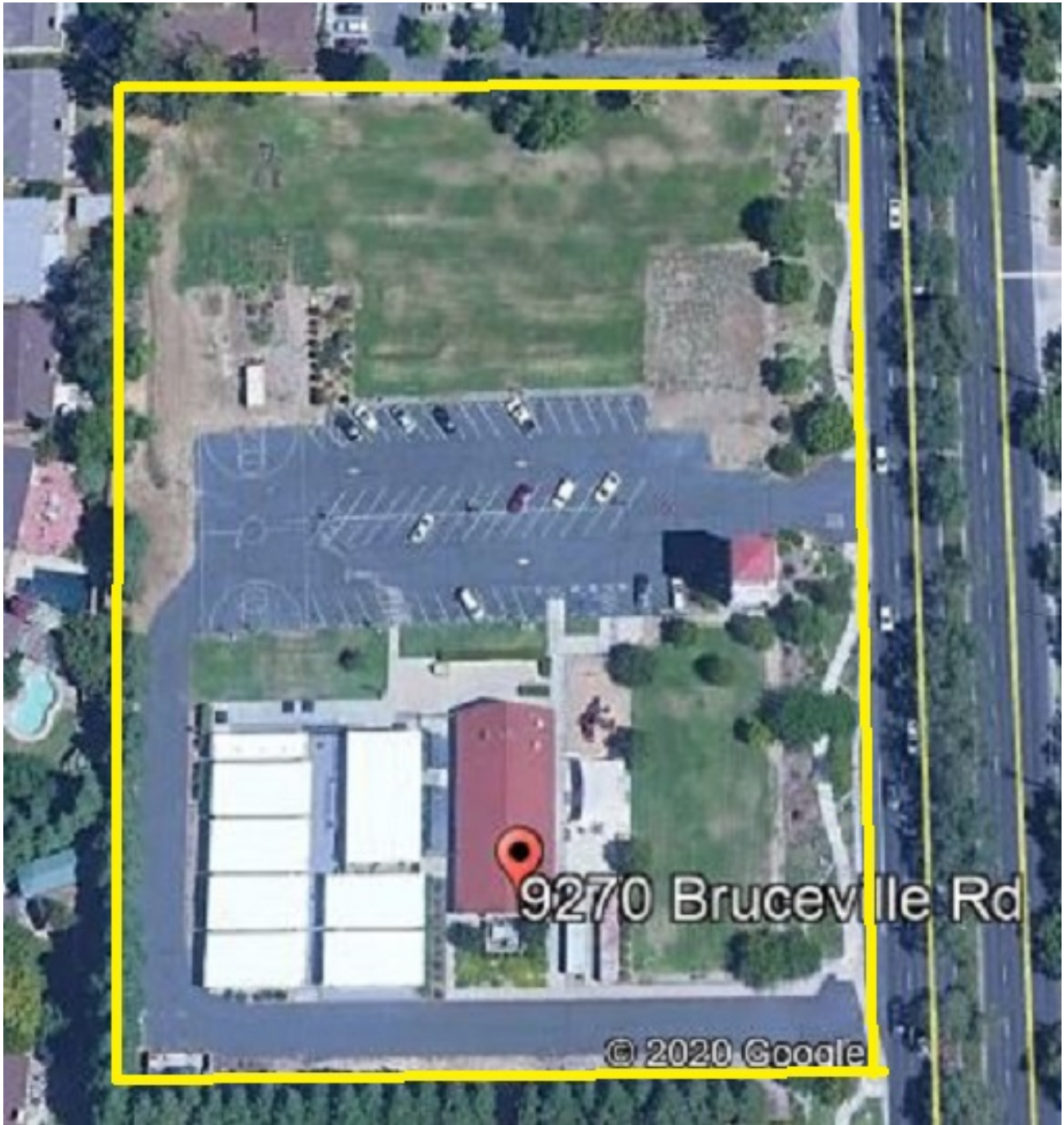


EXCESS LAND AREA

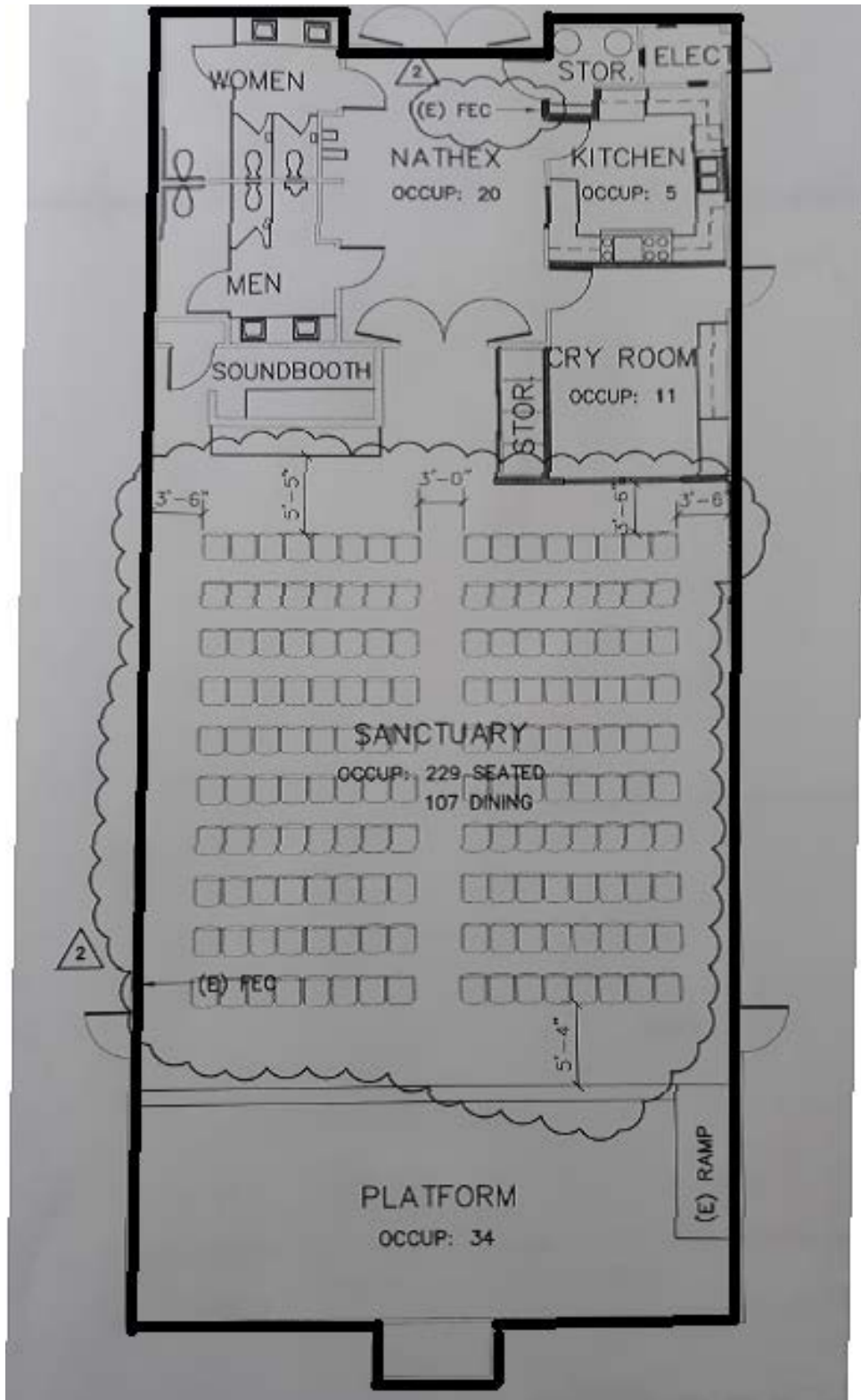


Northern Excess Land Area:	49,800 SF
Southern Excess Land Area:	26,400 SF
Total Excess Land Area:	76,200 SF or 1.75 Acres

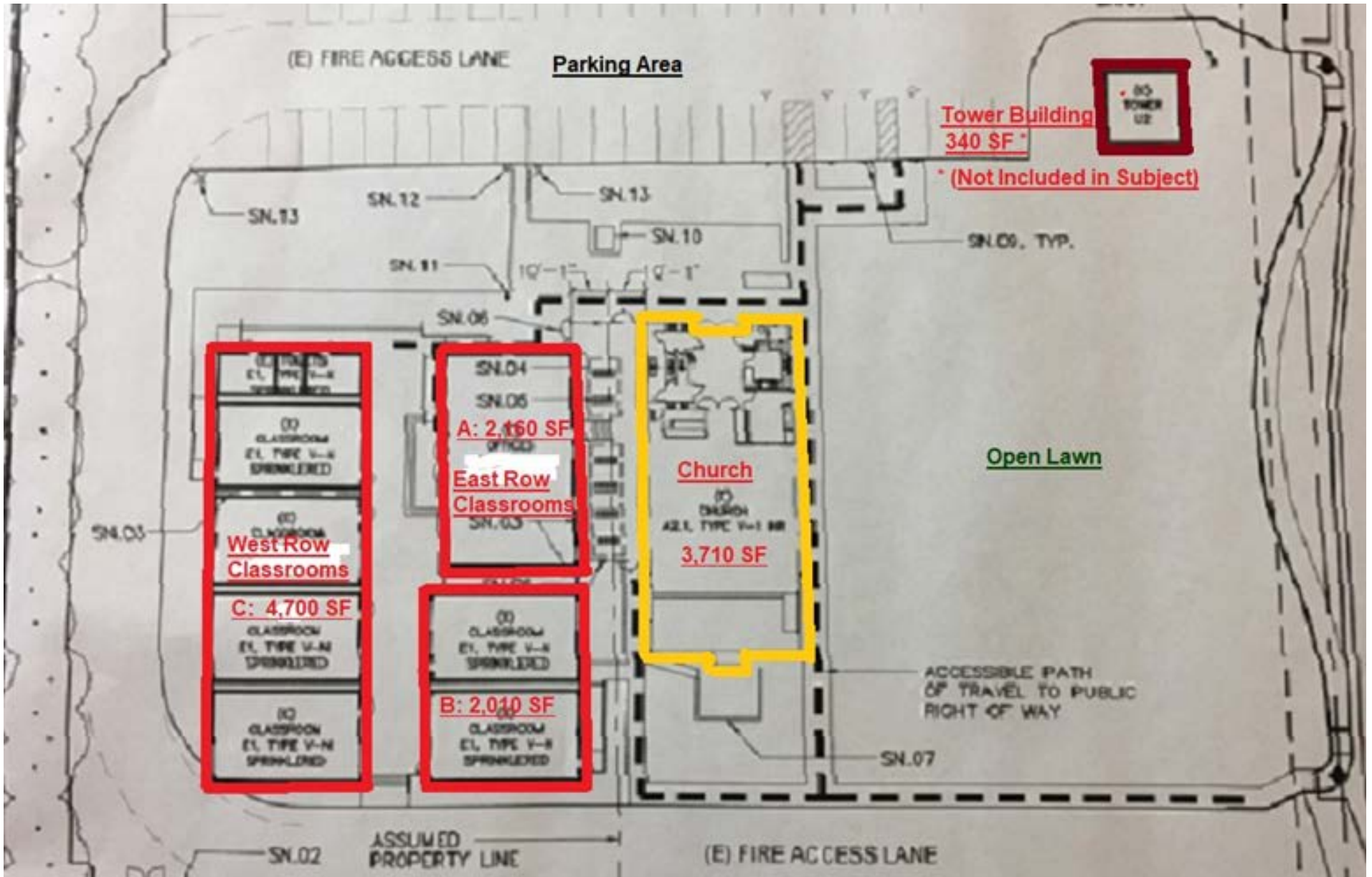
IMPROVEMENTS INFORMATION



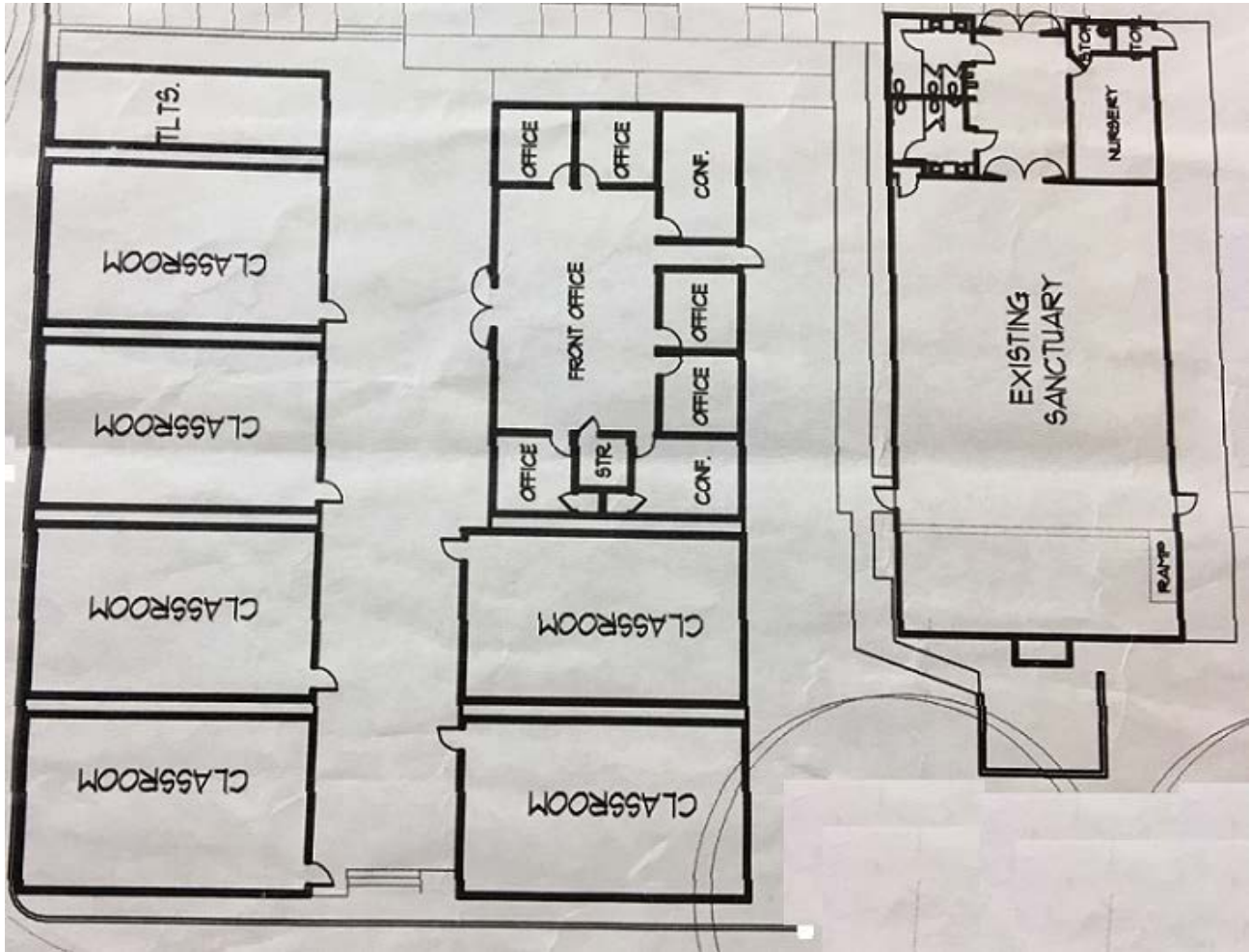
SITE LAYOUT OF IMPROVEMENTS



CHURCH / SANCTUARY FLOOR PLAN



BUILDING LAYOUT ON SOUTHWESTERN PORTION OF THE SITE



SUBJECT BUILDING FLOOR PLANS

ZONING / HIGHEST & BEST USE ANALYSIS

The subject's zoning is RD-15 – Medium Density Residential which allows 15 units per acre development of multi-family project types. With the inclusion of affordable housing units, there is a 35% bonus applicable to the base allowable units. For redevelopment of the entire 4.09 acre site, 82 units are allowed, which is the **Highest & Best Use, as if vacant**. For redevelopment of the 1.75 acre excess land site, a total of 35 units would be allowed on the excess land area. The **Highest & Best Use of the subject, as improved**, is for continued use of the church and school facility, and redevelopment of the 1.75 acres of vacant land with allowed multi-family units.

RD-15 – MEDIUM DENSITY RESIDENTIAL

The RD-15 district may include single-family, two-family, and/or multifamily residential use within a maximum density of fifteen (15) dwelling units per acre. Development may include both for-sale and for-lease products, such as small-lot single-family attached or detached homes, townhomes, condominiums, row houses, and garden apartments. Residential structures are typically one (1) and two (2) stories in height (three (3) stories in some cases) with greater lot coverage than the low density single-family residential districts.

MAXIMUM ALLOWABLE DENSITY – ENTIRE 4.09 ACRE SITE

Please refer to the Addenda of this report for additional information regarding affordable housing types and the applicable density bonuses available. The subject site is considered to qualify for a 35% density bonus:

Assessor: 178,160 sq. ft. / 4.09 acres

4.09 acres x 15 U.P.A. = 61 units

61 units x 1.35 (35% density bonus) = 82 allowable units

Or if all affordable (lower income households), no maximum density

Plus 3 story height addition possible

Normally height is limited to 35 feet.

It is recommended that local planning and zoning personnel be contacted regarding more specific information that might be applicable to the subject.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject, the sales comparison approach is applicable and has been used.

The subject has significant incurable physical depreciation, primarily due to its age, which limits the reliability of the Cost Approach. Also, participants in the subject's competitive market do not typically rely on the Cost Approach. Furthermore, the Cost Approach was not required by the client.

The Income Capitalization Approach measures value of the subject by capitalization of the net income that might be derived. The subject church is not leased and is owner-occupied, which is typical of church facilities. The classrooms are leased fairly short term and are going to be on a month-to-month basis on August 1, 2021; their tenancy will end in 2021 or whenever their new school is completed. In addition, 1.75 acres, or 42.8% of the entire 4.09 acre site is excess land, available for multi-family redevelopment, which does not imply use of the Income Capitalization Approach. Furthermore, the Income Capitalization Approach was not required by the client. The Income Capitalization Approach was not utilized for estimation of market value.

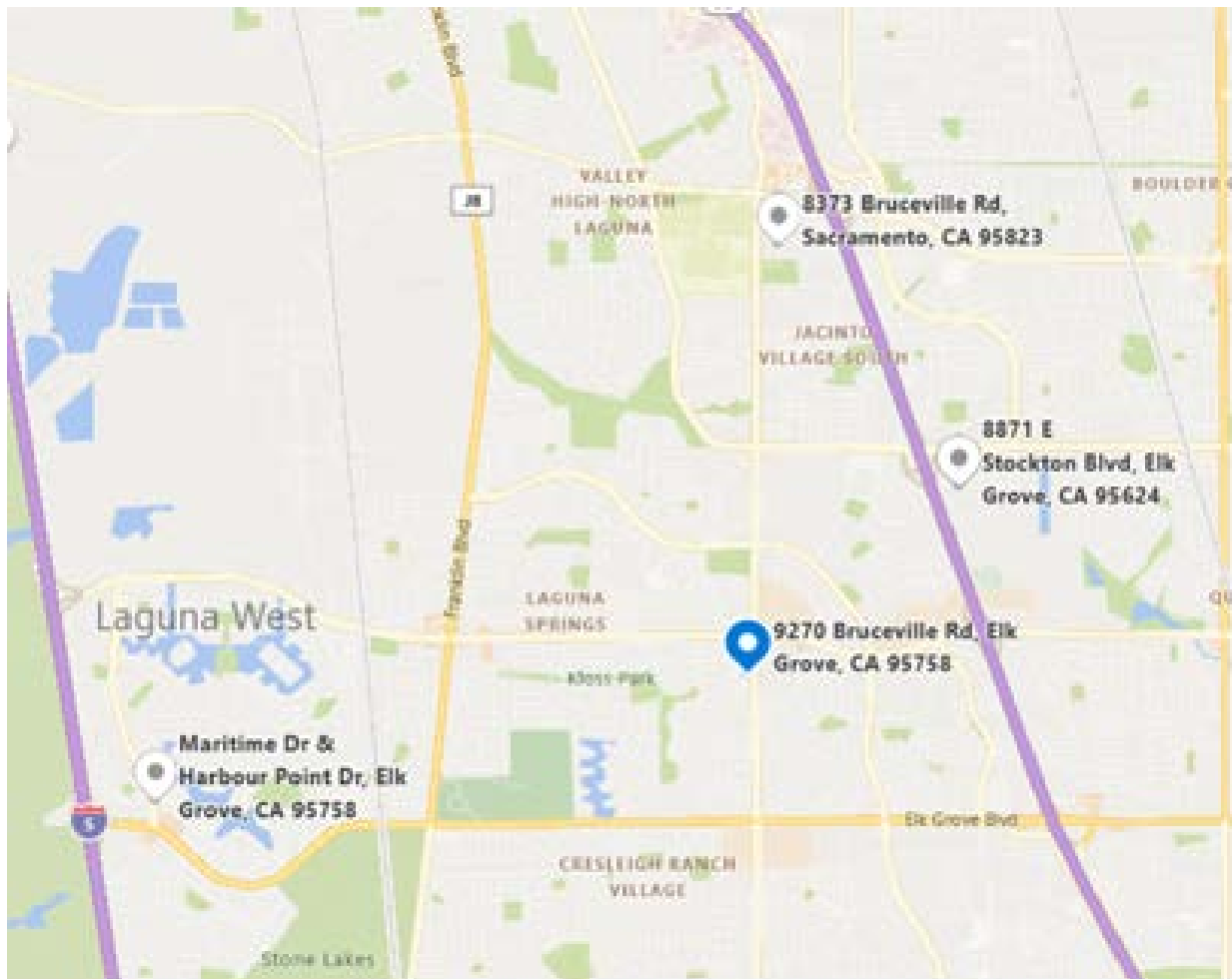
SALES COMPARISON APPROACH – LAND VALUE

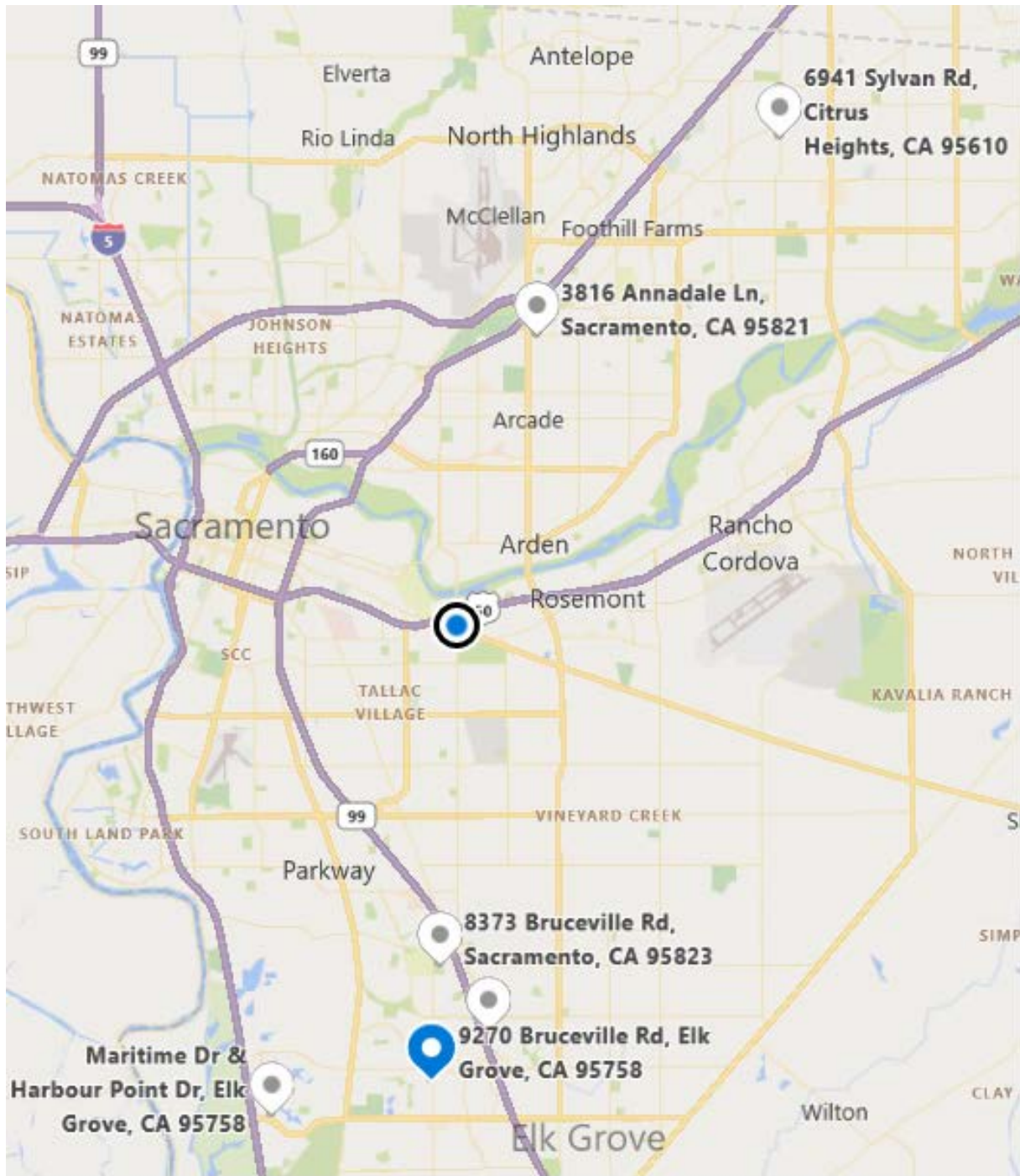
The Market Data or Direct Sales Comparison Approach is a valuation technique based on sales and/or listings of properties similar to the subject. The Market Data Approach is most viable when an adequate number of similar type properties have been sold recently and/or are currently for sale on the open market. In comparing market sales of similar properties, a number of units of comparison are available.

LAND VALUATION – ENTIRE SUBJECT 4.09 ACRES

The following maps and table summarize the comparable data used in the valuation of the entire subject site “as if vacant”. A detailed description of each transaction follows.

COMPARABLE LAND SALES MAPS





SUMMARY OF COMPARABLE MULTI-FAMILY LAND SALES

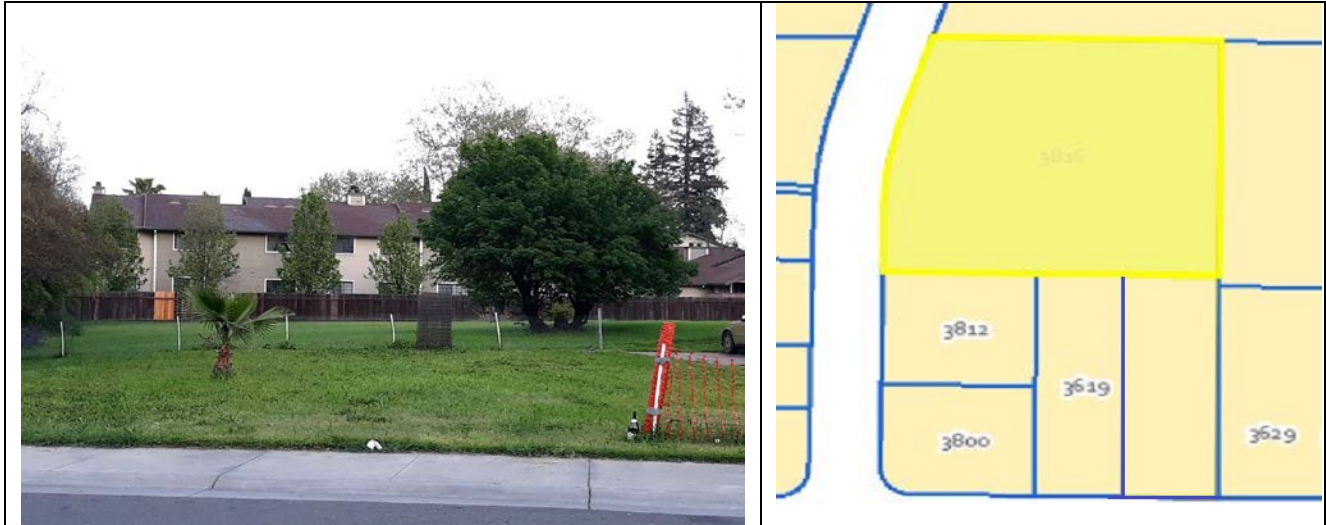
No.	Property Location	Transaction Type	Date	Actual Sale Price	Adjusted Sale Price	Size (Acres)	Size (SF)	Zoning/ Density	No. Units Allowed	Sale Price Per Unit	Sale Price Per SF
1	8373 Bruceville Road Elk Grove, CA	Sale	Oct-19	\$5,000,000	\$5,000,000	8.67 Ac.	377,665 SF	R-3-PUD Multi-Family 29 U.P.A.	251	\$19,920	\$13.24
2	3816 Annadale Lane Sacramento, CA	Sale	Oct-19	\$400,000	\$413,600	0.95 Ac.	41,223 SF	RD-20 Multi-Family 20 U.P.A.	19	\$21,768	\$10.03
3	Southwest Corner of Harbout Point Dr. And Maritime Drive Elk Grove, CA	Sale	Jun-19	\$2,000,000	\$2,000,000	3.06 Ac.	133,293 SF	RD-25 Multi-Family 25 U.P.A.	76	\$26,316	\$15.00
4	8871 E. Stockton Boulevard Elk Grove, CA	Sale	Apr-18	\$6,090,000	\$6,090,000	10.35 Ac.	450,846 SF	GC / CUP Multi-Family 20 U.P.A.	205	\$29,707	\$13.51
5	6941 Sylvan Road Citrus Heights, CA	Sale	Nov-16	\$215,000	\$215,000	0.42 Ac.	18,201 SF	RD-20 Multi-Family 20 U.P.A.	8	\$26,875	\$11.81
Subject	Entire Church & School Site 9270 Bruceville Road Elk Grove, CA	----	Apr-20	----	----	4.09 Ac.	178,160 SF	RD-15 Multi-Family 20 U.P.A. W/ 35% Density Bonus	82	----	----
	Subject Excess Land (Excluding Improved 2.34 Acre Church & School Site)	----	Apr-20	----	----	1.75 Ac.	76,200 SF	RD-15 Multi-Family 20 U.P.A. W/ 35% Density Bonus	35		

LAND SALE COMPARABLE NO. 1



Site/Location:	8373 Bruceville Road, Elk Grove, CA (Fronts Bruceville Rd. on west side, Both Sides of Kastanis Way on east side)
Assessor's Parcel No.:	117-0182-021-0000
Description:	Multi-family site, good access and visibility
Zoning:	R-3-PUD
Units Allowed / Quantity:	29 U.P.A / 251 total units allowed
Site Size:	377,665 SF, or 8.67 acres
Date of Sale:	October 22, 2019
Sale Price:	\$5,000,000
Sale Price per Square Foot:	\$13.24
Sale Price per Allowed Unit:	\$19,920
Buyer:	Majority Investment Inc.
Seller:	TENIR, LLC
Document No.:	Book 20191029, Page 931
Sale Terms:	All Cash to Seller
Comments	Generally level,
Sources	Costar, Assessor's Records, MLS, Inspection

LAND SALE COMPARABLE NO. 2



Site/Location:	3816 Annadale Lane, Sacramento, CA (East Side of Annadale, North of Edison Ave.)
Assessor's Parcel No.:	255-0032-005-0000
Description:	Multi-family site, good access, tear-down house
Zoning:	RD-20
Units Allowed / Quantity:	20 U.P.A / 19 total units allowed
Site Size:	41,223 SF, or 0.94 acres
Date of Sale:	October 31, 2019
Sale Price:	\$400,000 (All cash to seller)
Cost to Acquire Vacant Site:	<u>\$ 13,600</u> (Add demolition: 1,700 SF x \$8.00/SF) \$413,600 Cost to Acquire a Vacant Site
Sale Price per Square Foot:	\$10.03
Sale Price per Allowed Unit:	\$21,768
Buyer:	PROACT Properties LLC
Seller:	Venture, LLC
Document No.:	Book 20191031, Page 1113
Comments	Level, teardown 1,404 SF house plus a garage, YOC 1949, apartments on north, east, west sides
Sources	Costar, Assessor's Records, MLS, Inspection

LAND SALE COMPARABLE NO. 3

Site/Location:	Southwest Corner of Harbour Point Drive and Maritime Drive, Elk Grove, CA
Assessor's Parcel Nos.:	119-1920-017-000, 119-1920-018-0000
Description:	Multi-family site, excellent access and visibility
Zoning:	RD-25
Units Allowed / Quantity:	25 U.P.A / 76 total units allowed
Site Size:	133,293 SF, or 3.06 acres
Date of Sale:	June 11, 2019
Sale Price:	\$2,000,000
Sale Price per Square Foot:	\$15.00
Sale Price per Allowed Unit:	\$26,316
Buyer:	Maritime Apartments LLC
Seller:	DHIR Capital Inc.
Document No.:	Book 20190611, Page 1098
Sale Terms:	All Cash to Seller
Comments	Level, Holiday Inn Express on west side
Sources	Costar, Assessor's Records, MLS, Inspection

LAND SALE COMPARABLE NO. 4



Site/Location:	8871 E. Stockton Boulevard, Elk Grove, CA (Southeast Corner of E. Stockton & Cantwell Dr.)
Assessor's Parcel No.:	116-0030-053-0000
Description:	Entitled for The Elk Landing assisted living project – 107 assisted living units for 60+ years, 48 memory care units, 50 independent living cottages for 55+ years / 205 senior units total
Zoning:	GC – General Commercial entitled with CUP – Conditional Use Permit for Elk Landing project
Units Allowed / Quantity:	20 U.P.A / 205 total units allowed
Site Size:	450,846 SF, or 10.35 acres
Date of Sale:	April 20, 2018
Sale Price:	\$6,090,000
Sale Price per Square Foot:	\$13.51
Sale Price per Allowed Unit:	\$29,707
Buyer:	The Landing at Elk Grove, LLC
Seller:	L Street WINN, LP
Document No.:	Book 20180420, Page 877
Sale Terms:	All Cash to Seller
Comments	High profile site, project nearing completion
Sources	Costar, Assessor's Records, MLS, Inspection

LAND SALE COMPARABLE NO. 5

Site/Location:	6941 Sylvan Road, Citrus Heights, CA
Assessor's Parcel No.:	211-0160-022-0000
Description:	Multi-family site, on the north side is the Kingdom Hall of Jehovah's Witnesses Church, on the south side is All Veteran's Community Center
Zoning:	RD-20 - Medium Density Residential
Units Allowed / Quantity:	20 U.P.A / 8 total units allowed
Site Size:	18,201 SF, or 0.42 acres
Date of Sale:	November 21, 2016
Sale Price:	\$215,000
Sale Price per Square Foot:	\$11.81
Sale Price per Allowed Unit:	\$26,875
Buyer:	Mohammad Javad Fatei
Seller:	Hengameh Nemati-Davarpanah
Document No.:	Book 20161121, Page 1302
Sale Terms:	All Cash to Seller
Comments	Level, residential to west, Walmart beyond
Sources	Costar, Assessor's Records, MLS, Inspection

The sales utilized represent the best data available for comparison with the subject as a multi-family development site. They were selected from our research of comparable improved sales within the subject's area in Elk Grove and surrounding areas of Sacramento County. The five primary land comparables were chosen based upon location, transaction date, size and property type.

SUMMARY OF ADJUSTMENTS – ENTIRE 4.09 ACRES

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID: ENTIRE SUBJECT SITE "AS IF VACANT" - 4.09 ACRES

Comparable Number	1	2	3	4	5	Subject
Location	8373 Bruceville	3816 Annadale	Harbour Point	8871 E. Stockton	6941 Sylvan	9270 Bruceville
Transaction Type	Sale	Sale	Sale	Sale	Sale	----
Transaction Date	Oct-19	Oct-19	Jun-19	Apr-18	Nov-16	----
Zoning/Land Use	R-3-PUD	RD-15	RD-25	GC / CUP	RD-20	RD-15
	Multi-Family	Multi-Family	Multi-Family	Multi-Family	Multi-Family	Multi-Family
Density Per Acre	29 U.P.A.	20 U.P.A.	25 U.P.A.	20 U.P.A.	20 U.P.A.	20 U.P.A.
No. of Units Allowed	251	19	76	205	8	82
Topography	Level	Level	Level	Level	Level	Level
Actual Sale Price	\$5,000,000	\$400,000	\$2,000,000	\$6,090,000	\$215,000	----
Adjusted Sale Price	\$5,000,000	\$413,600	\$2,000,000	\$6,090,000	\$215,000	----
Size (Acres)	8.67 Ac.	0.95 Ac.	3.06 Ac.	10.35 Ac.	0.42 Ac.	4.09 Ac.
Size (SF)	377,665 SF	41,223 SF	133,293 SF	450,846 SF	18,201 SF	178,160 SF
Adj. Price Per SF	\$13.24	\$10.03	\$15.00	\$13.51	\$11.81	----
Adj. Price Per Unit	\$19,920	\$21,768	\$26,316	\$29,707	\$26,875	----
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time):						
Thru March 15, 2020	1%	1%	2%	3%	10%	
After Pandemic/Lockdown	-5%	-5%	-5%	-5%	-5%	
Subtotal - Price Per Unit	\$19,124	\$20,898	\$25,526	\$29,113	\$28,219	
Size	10%	-7%	-3%	15%	-10%	
Shape	20%	0%	15%	5%	0%	
Frontage / Access	0%	0%	-10%	-5%	0%	
Topography	0%	0%	0%	0%	0%	
Location	15%	40%	10%	10%	15%	
Zoning/Density	10%	0%	5%	0%	0%	
Entitlements	0%	0%	0%	-15%	0%	
Utilities	0%	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	0%	
Public/Bond/Financing	0%	0%	0%	0%	0%	
Total Other Adjustments	55%	33%	17%	10%	5%	
Value Indication Per Unit	\$29,641	\$27,794	\$29,866	\$32,024	\$29,630	
Range (Min. - Max.)	\$27,794	\$32,024				
Average	\$29,791					

Estimated by RMH

COMPARABLE LAND SALE VALUATION COMMENTS – ENTIRE 4.09 ACRES

The five comparable land sales are considered to offer very good comparison with the subject multi-family land, as if vacant. The comparable improved sales have an unadjusted range of price from \$19,920 to \$29,707 per unit of land area.

Market Conditions (Time) Adjustment

The comparable land sales required adjustments for comparison with the subject property. Market conditions have improved in the subject's competitive market, resulting in slightly increased sale prices, i.e. up through March 15, 2020. Afterwards, the pandemic in California and subsequent lockdown have negatively influenced the market, although the scant evidence so far is that fewer properties are being offered for sale right now, but prices have not been lowered substantially in the last month.

Physical Adjustments

Upward adjustments were made for inferior locations as compared to the subject. The five comparables with inferior locations with less direct traffic flow and resultant inferior economics. Land sizes that were larger were given fairly small upward adjustments. All things being equal, larger properties typically sell for a lower price per square foot than smaller properties. The three comparables with inferior shapes were adjusted upward. The land sales are considered on a per unit basis, so the comparables with a higher unit per acre typically result in less land per unit. The two comparables with higher unit per acre zoning (Sale 1 with 29 u.p.a. and Sale 3 with 25 u.p.a.) are adjusted upward for this salient feature.

SALE PRICE PER UNIT CONCLUSION – ENTIRE 4.09 ACRES

In our analysis of the land comparable Sales One through Five, we have made adjustments in comparison with the subject property, which have adjusted sale prices from 27,794 to \$32,024 per unit, with an average of \$29,791 per unit. Consideration was given to all of the comparables; the value indication for the subject land "as if vacant" is concluded at \$29,600 to \$30,000 per unit, resolved to \$29,800 via the Sales Comparison Approach, which is presented as follows:

CONCLUDED LAND VALUE: ENTIRE 4.09 ACRE SITE				
Estimated Land Value		Number of		Total
\$ Per Unit		Allowable Units		
\$29,600	x	82	=	\$2,427,200
\$30,000	x	82	=	\$2,460,000
Indicated Land Value "As If Vacant" - 4.09 Acres				\$2,440,000
Land Value Per Unit				\$29,756
Land Value Per SF				\$13.70
Estimated by RMH				

VALUE OF THE 1.75 ACRES OF EXCESS LAND

As previously discussed in this appraisal report, the subject is considered to have excess land as currently improved. The site area attributed to the church and school plus parking lot is estimated to be 2.34 acres. The remaining site area is considered to be excess land, available for additional multi-family development. The excess land area is estimated to be 76,200 square feet, or 1.75 acres.

The subject's excess land area has the same RD-15 zoning with a density bonus of 35%, resulting in an allowable 35 multi-family units to be constructed on the excess land area.

SUMMARY OF ADJUSTMENTS – 1.75 ACRES OF EXCESS LAND

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable. The value of the 1.75 acres of vacant land is estimated as follows:

LAND SALES ADJUSTMENT GRID: EXCESS LAND "AS IF VACANT" - 1.75 ACRES

Comparable Number	1	2	3	4	5	Subject
Location	8373 Bruceville	3816 Annadale	Harbour Point	8871 E. Stockton	6941 Sylvan	9270 Bruceville
Transaction Type	Sale	Sale	Sale	Sale	Sale	Excess Land
Transaction Date	Oct-19	Oct-19	Jun-19	Apr-18	Nov-16	----
Zoning/Land Use	R-3-PUD	RD-15	RD-25	GC / CUP	RD-20	RD-15
	Multi-Family	Multi-Family	Multi-Family	Multi-Family	Multi-Family	Multi-Family
Density Per Acre	29 U.P.A.	20 U.P.A.	25 U.P.A.	20 U.P.A.	20 U.P.A.	20 U.P.A.
No. of Units Allowed	251	19	76	205	8	35
Topography	Level	Level	Level	Level	Level	Level
Actual Sale Price	\$5,000,000	\$400,000	\$2,000,000	\$6,090,000	\$215,000	----
Adjusted Sale Price	\$5,000,000	\$413,600	\$2,000,000	\$6,090,000	\$215,000	----
Size (Acres)	8.67 Ac.	0.95 Ac.	3.06 Ac.	10.35 Ac.	0.42 Ac.	1.75 Ac.
Size (SF)	377,665 SF	41,223 SF	133,293 SF	450,846 SF	18,201 SF	76,200 SF
Adj. Price Per SF	\$13.24	\$10.03	\$15.00	\$13.51	\$11.81	----
Adj. Price Per Unit	\$19,920	\$21,768	\$26,316	\$29,707	\$26,875	----
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time):						
Thru March 15, 2020	1%	1%	2%	3%	10%	
After Pandemic/Lockdown	-5%	-5%	-5%	-5%	-5%	
Subtotal - Price Per Unit	\$19,124	\$20,898	\$25,526	\$29,113	\$28,219	
Size	15%	-2%	3%	18%	-4%	
Shape	15%	-5%	10%	0%	-5%	
Frontage / Access	0%	0%	-10%	-5%	0%	
Topography	0%	0%	0%	0%	0%	
Location	15%	40%	10%	10%	15%	
Zoning/Density	10%	0%	5%	0%	0%	
Entitlements	0%	0%	0%	-15%	0%	
Utilities	0%	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	0%	
Public/Bond/Financing	0%	0%	0%	0%	0%	
Total Other Adjustments	55%	33%	18%	8%	6%	
Value Indication Per Unit	\$29,641	\$27,794	\$30,121	\$31,442	\$29,912	
Range (Min. - Max.)	\$27,794	\$31,442				
Average	\$29,782					

Estimated by RMH

SALE PRICE PER UNIT CONCLUSION – 1.75 ACRES OF EXCESS LAND

The rationale for adjustment follows closely to the discussion for adjustments to the entire site, as previously presented.

In our analysis of the land comparable Sales One through Five, we have made adjustments in comparison with the subject property, which have adjusted sale prices from \$27,794 to \$31,442 per unit, with an average of \$29,782 per unit. Consideration was given to all of the comparables; the value indication for the subject excess land "as if vacant" is concluded at \$29,600 to \$30,000 per unit via the Sales Comparison Approach, which is presented as follows:

CONCLUDED LAND VALUE: 1.75 ACRES OF EXCESS LAND				
Estimated Land Value		Number of		Total
\$ Per Unit		Allowable Units		
\$29,600	x	35	=	\$1,036,000
\$30,000	x	35	=	\$1,050,000
Indicated Excess Land Value "As If Vacant" - 1.75 Acres				\$1,040,000
Land Value Per Unit				\$29,714
Land Value Per SF				\$13.65
Estimated by RMH				

SALES COMPARISON APPROACH – IMPROVED VALUE

The Market Data or Direct Sales Comparison Approach is a valuation technique based on sales and/or listings of properties similar to the subject. The Market Data Approach is most viable when an adequate number of similar type properties have been sold recently and/or are currently for sale on the open market. In comparing market sales of similar properties, a number of units of comparison are available. The analysis will focus on the price per square foot of building area method as the value indicator most relevant to the subject property. To derive the unit value applicable to the subject property, the price per SF of each comparable is adjusted to reflect differences in time of sale, location, physical attributes, and other relevant property characteristics.

Market Sales Survey

An investigation was made of sales and offerings of comparable properties in the relative market area of the subject property. The approach is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is applicable when an active market provides sufficient quantity of reliable data that can be verified from authoritative sources. The sales summarized in the following pages were selected as the most meaningful and relevant to the valuation of the subject. A map indicating the location of each comparable sale relative to the subject property is also presented below. The comparables are described in further detail below.

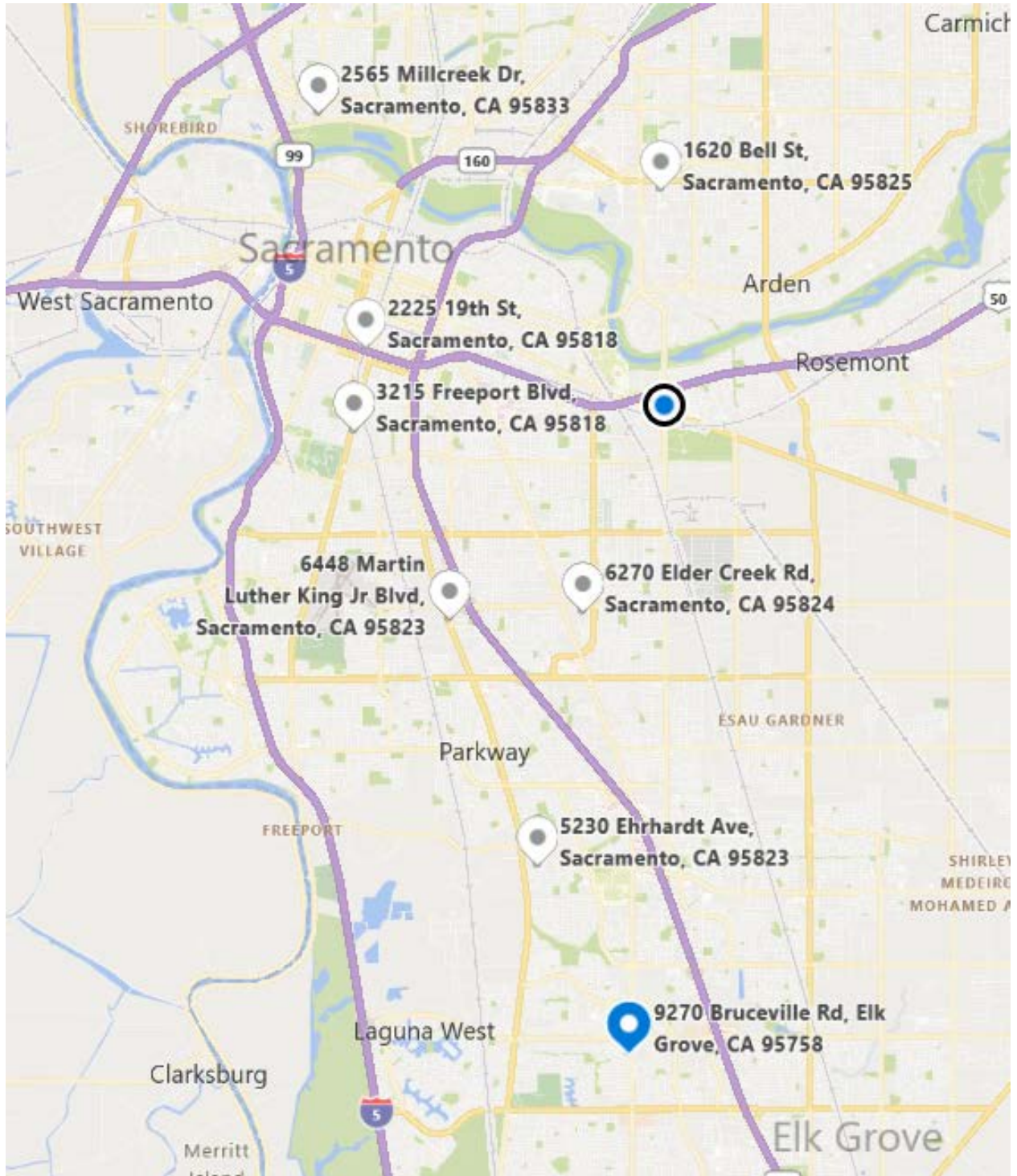
Adjustments to the per unit sale prices of the comparable properties are made in recognition of their relative differences in terms of dates of sale, locational, and physical characteristic differences.

Various adjustments are applied to the comparable data in correlating it to the subject property. An adjustment grid is presented below. It should be noted that the adjustment process is not intended to be a scientific approach in valuing the property but, rather, a clarification of the adjustment process. The mathematics do not control the final value conclusion, but they do provide guidance as to a range of value within which the value of the subject property would most likely fall.

The transactions cited in the analysis-closed escrow at various dates ranging from August 2018 to March 2020. All of the sales were confirmed and verified with parties to the transactions. The price per square foot of building area is the value indicator used in the analysis.

The following map and tables summarize the comparable data used in the valuation of the subject, i.e. the portion improved with the church and school containing 2.34 acres “as is”, but excluding the 1.75 acres of excess land, which is considered next in the Sales Comparison Approach.

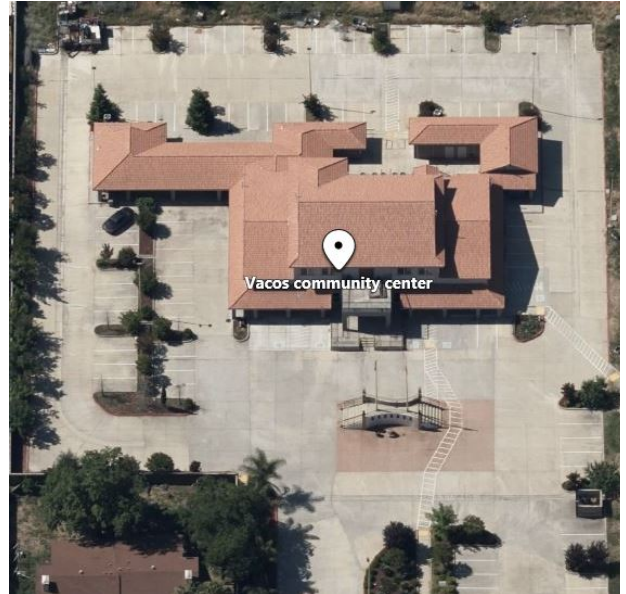
COMPARABLE CHURCH / SCHOOL SALES MAP



SUMMARY OF COMPARABLE CHURCH / SCHOOL SALES

No.	Property Location	Transaction Type	Date	Year Built	Building Type	NRA (SF) No. Floors	Site Area Flr. Area Ratio	Actual Sale Price	Price Per SF of NRA	NOI Per Occ.	NOI Per SF	OAR
1	6270 Elder Creek Boulevard Sacramento, CA	Sale	Mar-20	2013	Vietnamese School & Vacos Community Center	12,524 SF 1-2 Floors	2.25 Ac. 0.13 :1 FAR	\$2,500,000	\$199.62	100%	N/A: Owner-User	
2	2565 Millcreek Drive Sacramento, CA	Sale	Dec-19	1997	Merryhill Private Elementary School	12,414 SF 1 Floor	2.00 Ac. 0.14 :1 FAR	\$1,549,000	\$124.78	100%	N/A: Owner-User	
3	1620 Bell Street Sacramento, CA	Sale	Oct-19	1956	St. George Melkite Church (Brighter Star Church now)	5,458 SF 1 Floor	0.92 Ac. 0.14 :1 FAR	\$843,000	\$154.45	100%	N/A: Owner-User	
4	5230 Ehrhardt Drive Sacramento, CA	Sale	Aug-19	1985	'The Avenue' Church & Day Care / School	21,733 SF 1 Floor	3.76 Ac. 0.13 :1 FAR	\$2,000,000	\$92.03	100%	N/A: Owner-User	
5	6448 Martin Luther King Blvd. Sacramento, CA	Sale	Aug-19	1950	Ebenezar Christ. Church Eternal Life Church now	15,078 SF 1-2 Floors	1.90 Ac. 0.18 :1 FAR	\$1,400,000	\$92.85	100%	N/A: Owner-User	
6	2225 19th Street Sacramento, CA	Sale	Aug-18	1977	Bayside Church Midtown Campus	17,200 SF 1 Floor	0.67 Ac. 0.59 :1 FAR	\$3,753,000	\$218.20	100%	N/A: Owner-User	
7	3215-3217 Freeport Blvd. Sacramento, CA	Listing	Apr-20	1943/ 1956	'The Door Christian Fellowship' Church	7,928 SF 1 Floor	0.35 Ac. 0.52 :1 FAR	\$899,000	\$113.40	100%	N/A: Owner-User	
Subj.	Light of the Valley Church & Fortune Early Coll. High School 9270 Bruceville Road Elk Grove, CA	----	----	2002 / School Add'n 2017	Church - 29.5% School - 70.5% + Excess Land	12,580 SF 1 Floor	2.34 Ac. 0.12 :1 FAR	Improved Site	----	100%	----	----
								1.75 Ac. Excess Land				
								4.09 Ac. Entire Site				
								0.07 :1 FAR				

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

IMPROVED SALE COMPARABLE NO. 1

Building/Location:	6270 Elder Creek Boulevard, Sacramento, CA
Assessor's Parcel No.:	040-0021-051-0000
Description:	Vietnamese American Community of Sacramento - community center and school
Building Size:	12,524 SF
Year Built:	2013
Site Size:	98,010 SF, or 2.25 acres
Date of Sale:	March 13, 2020
Sale Price:	\$2,500,000
Sale Price per Square Foot:	\$199.62
Buyer:	Asian Resources, Inc.
Seller:	Thinh Thaen Do, Trust
Document No.:	Book 20200313, Page 534
Sale Terms:	All Cash to Seller
Occupancy:	100%
Comments	1 to 2 story stucco building with tile roof, on-site parking, fenced and gated site
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED SALE COMPARABLE NO. 2

Building/Location:	2565 Millcreek Drive, Sacramento, CA
Assessor's Parcel No.:	274-0410-023-0000
Description:	Merryhill private school
Building Size:	12,414 SF
Year Built:	1997
Site Size:	87,120 SF, or 2.00 acres
Date of Sale:	December 13, 2019
Sale Price:	\$1,549,000
Sale Price per Square Foot:	\$124.78
Buyer:	Chawla Ventures
Seller:	William C. Bayley, Trustee of W.C.B. 1994 Trust
Document No.:	Book 20190813, Page 379
Sale Terms:	All Cash to Seller
Occupancy:	100%
Capitalization Rate:	N/A – Owner/User
Comments	School now closed; 4.2/1,000 parking ratio
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED SALE COMPARABLE NO. 3

Building/Location:	1620 Bell Street, Sacramento, CA
Assessor's Parcel No.:	285-0031-003-0000
Description:	Church and school classrooms; was St. George Melkite Church, now Brighter Star Church
Building Size:	5,458 SF
Year Built:	1956
Site Size:	39,949 SF, or 0.92 acres
Date of Sale:	October 15, 2019
Sale Price:	\$843,000
Sale Price per Square Foot:	\$154.45
Buyer:	Brighter Star Inc.
Seller:	Diocese of Newton for Melkites in United States, St. George Melkite Church
Document No.:	Book 20191015, Page 1670
Sale Terms:	All Cash to Seller
Occupancy:	100%
Capitalization Rate:	N/A – Owner/User
Comments	1-story, with open surface parking
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED SALE COMPARABLE NO. 4

Building/Location:	5230 Ehrhardt Drive, Sacramento, CA
Assessor's Parcel No.:	117-0132-032-0000
Description:	'The Avenue' Church and school and daycare buildings, with freestanding bell tower
Building Size:	21,733 SF
Year Built:	1985
Site Size:	163,786 SF, or 3.76 acres
Date of Sale:	August 13, 2019
Sale Price:	\$2,000,000
Sale Price per Square Foot:	\$92.03
Buyer:	'The Avenue' of The Assemblies of God
Seller:	5230 Ehrhardt LLC
Document Number:	Book 20190813, Page 1255
Occupancy:	100%
Capitalization Rate:	N/A – Owner/User (single occupant at sale)
Comments	1-story wood frame and stucco, on-site parking.
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED SALE COMPARABLE NO. 5

Building/Location:	6448 Martin Luther King Jr Blvd, Sacramento, CA
Assessor's Parcel No.:	038-0021-031-0000
Description:	Was Ebenezer Christian Center (Assembly of God Church), is now Eternal Life Church
Building Size:	15,078 SF
Year Built:	1950
Site Size:	82,764 SF, or 1.90 acres
Date of Sale:	August 12, 2019
Sale Price:	\$1,400,000
Sale Price per Square Foot:	\$92.85
Buyer:	Eternal Life Church Christian Missionary...
Seller:	Northern Pacific Latin American District council, Assemblies of God, a non-profit
Document No.:	Book 20190812, Page 671
Sale Terms:	All Cash to Seller
Occupancy:	100%
Capitalization Rate:	N/A – Owner/User
Comments	1- to 2-story, open surface parking, fenced, gated
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED SALE COMPARABLE NO. 6

Building/Location:	2225 19 th Street, Sacramento, CA
Assessor's Parcel No.:	010-0155-035-0000
Description:	Baytown Church – Midtown Campus
Building Size:	17,200 SF
Year Built:	1977
Site Size:	29,316 SF, or 0.67 acres
Date of Sale:	August 9, 2018
Sale Price:	\$3,753,000
Sale Price per Square Foot:	\$218.20
Buyer:	National Covenant Properties Land Co., LLC
Seller:	Sandra Buchanan, a single woman
Document Number:	Book 20180809, Page 892
Occupancy:	N/A
Capitalization Rate:	N/A – Owner/User
Comments	Brick exterior, sanctuary, meeting rooms, limited on-site parking, street parking
Sources	Costar, Loopnet, Assessor, MLS, Inspection

IMPROVED LISTING COMPARABLE NO. 7

Building/Location:	3215-3217 Freeport Blvd., Sacramento, CA
Assessor's Parcel No.:	013-0181-067-0000
Description:	The Door Christian Fellowship Church
Building Size:	7,928 SF
Year Built:	1943/1956
Site Size:	15,246 SF, or 0.35 acres
Current Listing:	April 2020
Listing Price:	\$899,000
Sale Price per Square Foot:	\$113.40
Buyer:	N/A
Seller:	The Door Christian Outreach
Document Number:	Current Listing
Occupancy:	100%
Capitalization Rate:	N/A – Owner/User
Comments	1-story wood frame, open surface parking
Sources	Loopnet, Assessor's records, MLS, Inspection

The sales utilized represent the best data available for comparison with the subject church and school facility. They were selected from our research of comparable improved sales within the subject's area of Elk Grove and Sacramento County. The seven primary comparables were chosen based upon location, transaction date, size and property type.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

COMPARABLE IMPROVED CHURCH / SCHOOL SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	5	6	7	Subject
Location	6270 Elder Creek Sacramento	2565 Millcreek Sacramento	1620 Bell St. Sacramento	5230 Ehrhart Sacramento	6448 MLK Jr. Blvd. Sacramento	2225 19th St. Sacramento	3215 Freeport Sacramento	9270 Bruceville Elk Grove
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	Listing	----
Transaction Date	Mar-20	Dec-19	Oct-19	Aug-19	Aug-19	Aug-18	Apr-20	----
Type of Building	School & Comm. Ctr.	School	Church/Sun.Schl.	Church & School	Church/Sun.Schl.	Church & Meeting	Church/Sun.Schl.	Church & School
Year Built	2013	1997	1956	1985	1950	1977	1943 / 1956	2002 / 2017
Total NRA (SF)	12,524 SF	12,414 SF	5,458 SF	21,733 SF	15,078 SF	17,200 SF	7,928 SF	12,580 SF
Floor Area Ratio	0.13:1 FAR	1.14:1 FAR	0.14:1 FAR	0.13 FAR	0.18 FAR	0.59:1 FAR	0.52:1 FAR	0.12:1 FAR
Actual Sale Price	\$2,500,000	\$1,549,000	\$843,000	\$2,000,000	\$1,400,000	\$3,753,000	\$899,000	----
Adjusted Sale Price ¹	\$2,500,000	\$1,549,000	\$843,000	\$2,000,000	\$1,400,000	\$3,753,000	\$899,000	----
Price Per SF of NRA ¹	\$199.62	\$124.78	\$154.45	\$92.03	\$92.85	\$218.20	\$113.40	----
Occupancy	100%	100%	100%	100%	100%	100%	100%	100%
NOI Per SF	Owner-User	Owner-User	Owner-User	Owner-User	Owner-User	Owner-User	Owner-User	Owner-User
OAR	----	----	----	----	----	----	----	----
Adj. Price Per SF	\$199.62	\$124.78	\$154.45	\$92.03	\$92.85	\$218.20	\$113.40	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	0%	-5%	
Market Conditions (Time):								
Thru March 15, 2020	0%	1%	2%	2%	2%	3%	0%	
After Pandemic/Lockdown	-5%	-5%	-5%	-5%	-5%	-5%	-5%	
Subtotal - Price Per SF	\$189.64	\$119.79	\$149.82	\$89.27	\$90.06	\$213.83	\$102.34	
Location	-15%	10%	0%	10%	15%	-30%	-10%	
Size	0%	0%	-5%	5%	2%	3%	-3%	
Age/Condition	-5%	7%	10%	20%	20%	0%	20%	
Quality of Construction	-15%	-15%	-10%	10%	10%	-20%	10%	
Building Type	0%	0%	0%	0%	0%	0%	0%	
F.A.R./Parking	0%	0%	0%	0%	-3%	10%	10%	
Tenancy/Economics	0%	0%	0%	0%	0%	0%	0%	
Other	0%	0%	0%	0%	0%	0%	0%	
Total Other Adjustments	-35%	2%	-5%	45%	44%	-37%	27%	
Indicated Value Per SF	\$123.26	\$122.18	\$142.33	\$129.43	\$129.69	\$134.72	\$129.97	
Range (Min. - Max.)	\$122.18	\$142.33						
Average	\$130.23							

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)
Estimated by RMH

COMPARABLE IMPROVED SALE VALUATION COMMENTS

The seven comparable improved sales are considered to offer excellent comparison with the subject property. The comparable improved sales have an unadjusted range of price from \$92.03 to \$218.20 per square foot of building area.

Market Conditions (Time) Adjustment

The comparable improved sales required adjustments for comparison with the subject property. Market conditions have improved in the subject's competitive market, resulting in slightly increased sale prices, i.e. up through March 15, 2020. Afterwards, the pandemic in California and subsequent lockdown have negatively influenced the market, although the scant evidence so far is that fewer properties are being offered for sale right now, but prices have not been lowered substantially in the last month.

Conditions of Sale Adjustment

Comparable Seven is for a listing, which is adjusted downward because actual sale prices are frequently lower than asking prices.

Physical Adjustments

Downward adjustments were made for superior locations as compared to the subject; upward adjustments were made for inferior locations. The subject has a good downtown location in Elk Grove. The three comparables with superior locations are located in more densely developed areas with higher traffic flow. The three inferior comparables have inferior locations with less traffic flow and resultant inferior economics. Building sizes that were significantly larger were given fairly small upward adjustments. All things being equal, larger properties typically sell for a lower price per square foot than smaller properties. Similarly, smaller sizes were given downward adjustment. In addition, age/conditions that were superior to the subject "as is" were given downward adjustment; inferior age/conditions were adjusted upward. For floor area ratios (FAR) that were lower than for the subject (superior) were given downward adjustment; considering parking, conversely higher FAR's were adjusted upward.

SALE PRICE PER SQUARE FOOT CONCLUSION – CHURCH & SCHOOL

In our analysis of the primary comparable Sales One through Seven, we have made adjustments in comparison with the improved portion of the subject property (i.e. church and school) which have adjusted sale prices from \$122.18 to \$142.33 per square foot, with an average of \$130.23 per square foot. Consideration was given to all of the comparables; the value indication for the subject "as is" is concluded at \$129.00 to \$131.00 per square foot, resolved to \$130.00 per square foot via the Sales Comparison Approach, which is presented as follows:

SALES COMPARISON APPROACH - CHURCH & SCHOOL

NRA (SF)	X	Value Per SF	=	Value
12,580	X	\$129.00	=	\$1,622,820
12,580	X	\$131.00	=	\$1,647,980

VALUE CONCLUSION - IMPROVED 2.34 ACRES

Indicated Stabilized Value	\$1,635,400
Less: Deferred Maintenance	\$0
Value Indication - Fee Simple "As-Is"	\$1,635,400
Rounded	\$1,640,000
Value Per SF of NRA	\$130.37

Estimated by RMH

ADDITIONAL VALUE OF THE 1.75 ACRES OF EXCESS LAND

As previously discussed in this appraisal report, the subject is considered to have excess land as currently improved. The site area attributed to the church and school plus parking lot is estimated to be 2.34 acres. The remaining site area is considered to be excess land, available for additional multi-family development. The excess land area is estimated to be 76,200 square feet, or 1.75 acres.

The subject's excess land area has the same RD-15 zoning with a density bonus of 35%, resulting in an allowable 35 multi-family units to be constructed on the excess land area.

SALES COMPARISON APPROACH VALUE – ENTIRE 4.09-ACRE SUBJECT

The value of the excess land was estimated in the land valuation section of this appraisal.

We have estimated the value for the entire subject in the following chart, which adds the excess land value (1.75 acres) to the underlying improved portion of the site (2.34 acres) with the church and school.

SALES COMPARISON APPROACH - ENTIRE SUBJECT

VALUE CONCLUSION - ENTIRE 4.09 ACRE SUBJECT PROPERTY

Sales Comparison Approach Value - Improved 2.34 Acres with Church & School \$1,640,000

Sales Comparison Approach Value - 1.75 Acres of Excess Land \$1,040,000

SALES COMPARISON APPROACH VALUE - ENTIRE SUBJECT \$2,680,000

Estimated by RMH

RECONCILIATION OF VALUE

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS		
	Market Value As If Fee Simple Interest Land "As If Vacant" April 14, 2020	Market Value As If Fee Simple Interest Improved Property "As Is" April 14, 2020
Cost Approach	Not Utilized	Not Utilized
Sales Comparison Approach	\$2,440,000	\$2,680,000
Income Capitalization Approach	Not Utilized	Not Utilized
Reconciled Value	\$2,440,000	\$2,680,000
Estimated by RMH		

The Cost Approach typically gives a reliable value indication when there is evidence for the replacement cost estimate and when there is minimal depreciation contributing to a loss in value, which must be estimated. The Cost Approach is not as reliable in the estimation of market value due to the depreciation associated with the older age of the church improvements. In addition, investors active in the subject's market typically do not rely on the Cost Approach for estimating value. Furthermore, the Cost Approach was not required by the client. The Cost Approach was not utilized for estimation of market value.

In the Sales Comparison Approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered good comparability to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. The subject's most probable buyer is both an owner user and investor. Therefore, the Sales Comparison Approach is considered to provide the strongest indication of values for the subject, i.e. as if a vacant land site, and as currently improved, in the final value reconciliations.

The Income Capitalization Approach measures value of the subject by capitalization of the net income that might be derived. The subject church is not leased and is owner-occupied, which is typical of church facilities. The classrooms are leased fairly short term and are going to be on a month-to-month basis on August 1, 2021; their tenancy will end in 2021 or when their new school is completed. In addition, 1.75 acres, or 42.8% of the entire 4.09 acre site is excess land, available for multi-family redevelopment, which does not imply use of the Income

Capitalization Approach. Furthermore, the Income Capitalization Approach was not required by the client. The Income Capitalization Approach was not utilized for estimation of market value.

Based on the foregoing, the market value of the subject land "as if vacant", and the improved subject property "as is", i.e. both as if fee simple interest, have been concluded as follows:

MARKET VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Market Value
Market Value - Land "As If Vacant"	As If Fee Simple Interest	April 14, 2020	\$2,440,000
Market Value - Improved "As Is"	As If Fee Simple Interest	April 14, 2020	\$2,680,000

Estimated by RMH

Extraordinary Assumption: *The tower building on the subject's Assessor Parcel does not benefit the current church ownership and they may not sell it. Consequently, the tower building is excluded from being in the subject property appraised in this appraisal report.*

ASSUMPTIONS AND LIMITING CONDITIONS

1. References to 'the appraisers', 'the appraiser', or 'Appraiser' refers to Roger M. Hodge, MAI and any other signatories to this appraisal report, if any, unless otherwise noted.
2. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. The appraisers are not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. The appraisers, have not examined title and make no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
3. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. The appraisers are not engineers and are not competent to judge matters of an engineering nature. The appraisers have not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, make no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of the appraisers by ownership or management; the appraisers inspected less than 100% of the entire interior and exterior portions of the improvements; and the appraisers were not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, the appraisers reserve the right to amend the appraisal conclusions reported herein.
4. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

5. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to the appraisers. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.

6. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, the appraisers have no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, the appraisers reserve the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify the appraisers of any questions or errors.
7. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, the appraisers will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
8. The appraisers assume no private deed restrictions, limiting the use of the subject in any way.
9. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
10. The appraisers are not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
11. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
12. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. The appraisers do not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of the appraisers.
13. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of the appraisers to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
14. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
15. This study may not be duplicated in whole or in part without the specific written consent of the appraisers nor may this report or copies hereof be transmitted to third parties without said consent, which consent the appraisers reserve the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction

is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of the appraisers which consent the appraisers reserve the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. The appraisers shall have no accountability or responsibility to any such third party.

16. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
17. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
18. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
19. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to the appraisers unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. The appraisers assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
20. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. The appraisers do not assume responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
21. The appraisers assume that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
22. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
23. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
24. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, the appraisers have not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since the appraisers have no specific information relating to this issue, nor are the appraisers qualified to make such an

assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.

25. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
26. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by the appraisers or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
27. As part of the client's requested scope of work, an estimate of insurable value is provided herein. The appraisers have followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshal Valuation Service handbook. The methodology employed is a derivation of the cost approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by the appraisers regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

ADDENDA

ADDENDUM A
GLOSSARY OF TERMS

assessed value Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. †

cash equivalency The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract rent The actual rental income specified in a lease. †

effective rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. †

excess land In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land no needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. See also surplus land. †

extraordinary assumption An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. See also hypothetical condition. †

fee simple estate Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. †

floor area ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a

ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*. †

full service lease A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs*.

going concern value Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value. †

gross building area (GBA) The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. †

hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. See also extraordinary assumption. †

insurable value Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the

value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.[†]

investment value Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.[†]

leased fee

See leased fee estate

leased fee estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[†]

leasehold

See leasehold estate

leasehold estate The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.[†]

market rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations.[†]

market value Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most

probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[§]

marketing period The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.[†]

net lease Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.^{*}

occupancy rate The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.[†]

prospective value opinion A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. †

reasonable exposure time The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market. ††

rent

See

full service lease

net lease

market rent

contract, coupon, face, or nominal rent

effective rent

shell rent The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses. †

surplus land Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. See *also* excess land. †

usable area 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. †

use value Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale. †

value indication An opinion of value derived through application of the appraisal process. †

† *The Appraisal of Real Estate*, Twelfth Edition, Appraisal Institute, 2001.

† *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002.

§ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

* 2000 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2000)

†† *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 16, 1993, revised June 15, 2004.

ADDENDUM B
SUBJECT INFORMATION

ZONING & DENSITY BONUS CHANGES

ORDINANCE NO. 28-2019

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELK GROVE FINDING THAT NO FURTHER ENVIRONMENTAL REVIEW IS REQUIRED PURSUANT TO STATE CEQA GUIDELINES SECTION 15162 AND ADOPTING AMENDMENTS TO THE ELK GROVE MUNICIPAL CODE (TEXT AMENDMENTS) GENERAL PLAN-ZONING CONSISTENCY PROGRAM, PHASE 2 FILE NO: PL0022

23.50.040 Number and types of density bonuses and incentives and concessions allowed.

A. Density Bonus. A housing development that satisfies the eligibility requirements in EGMC Section 23.50.020 (Eligibility for density bonus and incentives and concessions) shall be entitled to the following density bonus:

1. For developments providing ten (10%) percent lower-income target units, the City shall provide a twenty (20%) percent increase above the otherwise maximum allowable residential density as of the date of application, plus a oneand-one-half (1.5%) percent supplemental increase over that base for every one (1%) percent increase in low-income target units above ten (10%) percent. The maximum density bonus allowed including supplemental increases is thirty-five (35%) percent.
2. For developments providing five (5%) percent very low-income target units, the City shall provide a twenty (20%) percent increase above the otherwise maximum allowable residential density as of the date of application, plus a twoand-one-half (2.5%) percent supplemental increase over that base for every one (1%) percent increase in very low-income target units above five (5%) percent. The maximum density bonus allowed including supplemental increases is thirtyfive (35%) percent.
3. For senior citizen housing developments, a flat twenty (20%) percent of the number of senior units.
4. For common interest developments providing ten (10%) percent moderate income target units, the City shall provide a five (5%) percent increase above the otherwise maximum allowable residential density as of the date of application, plus a one (1%) percent increase in moderate-income units above ten (10%) percent. The maximum density bonus allowed including supplemental increases is thirty-five (35%) percent.
5. For developments providing ten percent (10%) of the total units for transitional foster youth, disable veterans, or homeless persons, a flat twenty percent (20%) of the number of the type of units giving rise to a density bonus.
6. For development providing twenty percent (20%) of the total units for lower income students in a student housing development, a flat thirty five percent (35%) of the student housing units.

7. For developments providing one hundred percent (100%) of the units for lower income households as provided in EGMC 23.50.020.G, a flat eighty percent (80%) of the number of units for lower income households; except that if the development is located within one-half (1/2) mile of a major transit stop, as defined in subdivision (b) of Section 21155 of the California Public Resources Code, there shall be no maximum density.

B. Number of Incentives or Concessions. In addition to the density bonus described in this section, an applicant may request specific incentives or concessions. The applicant shall receive the following number of incentives or concessions.

1. One (1) incentive or concession for projects that include at least ten (10%) percent of the total units for lower-income households, at least five (5%) percent for very low-income households, or at least ten (10%) percent for persons and families of moderate income in a common interest development.

2. Two (2) incentives or concessions for projects that include at least twenty (20%) percent of the total units for lower-income households, at least ten (10%) percent for very low-income households, or at least twenty (20%) percent for persons and families of moderate income in a common interest development.

3. Three (3) incentives or concessions for projects that include at least thirty (30%) percent of the total units for lower-income households, at least fifteen (15%) percent for very low-income households, or at least thirty (30%) percent for persons and families of moderate income in a common interest development.

4. Four (4) incentives or concessions for projects meeting the criteria of EGMC 23.50.020.G. If the project is located within one-half mile of a major transit stop, as defined in subdivision (b) of Section 21155 of the Public Resources Code, the applicant shall also receive a height increase of up to three additional stories, or 33 feet.

**ASSESSED VALUES
2019-2020**

ASSESSOR'S ROLL VALUES


as of September 17, 2019

Tax Roll Year	2019
Land Value	\$1,960,000
Improvement Value	\$1,280,000
Personal Property Value	\$0
Fixtures	\$0
Homeowner's Exemption	-\$0
Other Exemption	-\$3,142,000
Net Assessed Value	\$98,000

Information for Parcel:
116-0061-011-0000

[Read Our Data Disclaimer](#)

PROPERTY INFORMATION

Assessor Parcel # 11600610110000
Address 9270 BRUCEVILLE RD
Postal City, Zip ELK GROVE 95758
Jurisdiction City of Elk Grove
County Supervisor District Don Nottoli - District 5 (<http://www.bos.saccounty.net/district5>)
Assessor Roll Status ACTIVE
Assessor's Map  Assessor's Map Book 116, Page 006 (<https://apps.gis.saccounty.net/documents/Assessor/116-006.TIF>)

PROPERTY TAX BILL

A summary of the most recent property tax bill is available on the e-PropTax (<https://eproptax.saccounty.net/#secured/BillSummary/11600610110000>) site.

Tax Rate Area Code 07-051 (<http://www.finance.saccounty.net/AuditorController/Pages/TaxAcctRpts.aspx>)
Jurisdiction Used on Most Recent Tax Roll ELK GROVE
Last Roll Year 2018

ASSESSOR'S ROLL VALUES

as of September 17, 2019

Tax Roll Year	2019
Land Value	\$1,960,000
Improvement Value	\$1,280,000
Personal Property Value	\$0
Fixtures	\$0
Homeowner's Exemption	-\$0
Other Exemption	-\$3,142,000
Net Assessed Value	\$98,000
Property tax bill information	Link to ePropTax (https://eproptax.saccounty.net/#secured/BillSummary/11600610110000)

Additional information regarding Assessor's roll values can be obtained by contacting the Assessor's Office at 916-875-0700 (tel:9168750700) or assessor@saccounty.net (<mailto:assessor@saccounty.net>).

LAND INFORMATION

Thomas Brothers Map 358 B 4
Assessor Land Use Code EEBOEA
Assessor's Property Description POR NW 1/4 SEC 34 T 7 N R 5 E MDB&M DESC AS BEG AT A PT LOC S 00%07'56" 446.30 FT N 89%12'01"E 2 ,549.25 FT AND S 01%28'16"E 256.85 FT FROM NW CO R OF SD SEC 34 TH FROM SD POB S 01%28'16"E 500 F T TH S 88%41'37"W 356.96 FT TH N 00%43'30"W 500 FT TH N 88%41'32"E 355.54 FT TO POB CONTG 4.09 A C M/L
Approx. Parcel Area 178160 sq ft / 4.09 acres

ZONING



ADDENDUM C
SUBJECT DOCUMENTS

Requested by:
Simplifile

PREPARED BY and UPON RECORDATION
RETURN TO:

Wireless Capital Partners, LLC
11900 West Olympic Boulevard, Suite 400
Los Angeles, CA 90064
Attn: Joshua Wade, Esq.

1608815p

APN: 116-0061-011-0000

Sacramento County Recorder
Craig A. Kramer, Clerk/Recorder
BOOK 20130613 PAGE 1076

Acct 1003-SIMPLIFILE

Thursday, JUN 13, 2013 12:36:28 PM

Ttl Pd \$117.00

Nbr-0007829303

JLW/14/3-19

SPACE ABOVE THIS LINE FOR RECORDER'S USE

VALENTINE CAPITAL, LLC, as trustor

(Trustor)

To

CHICAGO TITLE COMPANY, as trustee

for the benefit of

DEUTSCHE BANK TRUST COMPANY AMERICAS, A NEW YORK BANKING
CORPORATION, acting in its capacity as Indenture Trustee under the Indenture referred
to below, as beneficiary

(Beneficiary)

DEED OF TRUST AND ASSIGNMENT OF LEASES AND RENTS

Dated : As of June 5, 2013

Location : 9270 Bruceville Rd., Elk Grove, CA 95758

County : Sacramento

State : California

WCP# : 300018

RECEIVED JUN 10 2013

Lease recorded simultaneously herewith.
Lease terminates 3/31/2012

THIS DEED OF TRUST AND ASSIGNMENT OF LEASES AND RENTS (this “**Security Instrument**”) is made as of this 5th day of June, 2013 by VALENTINE CAPITAL, LLC, a Delaware limited liability company, having its principal place of business at 11900 W. Olympic Blvd., Ste. 400, Los Angeles, California 90064, as trustor (“**Trustor**”) to CHICAGO TITLE COMPANY, a California corporation, having an address at 700 S. Flower, Los Angeles, CA 90017, as trustee (“**Trustee**”) for the benefit of DEUTSCHE BANK TRUST COMPANY AMERICAS, A NEW YORK BANKING CORPORATION, having an address at c/o Deutsche Bank National Trust Company, 100 Plaza One, Jersey City, New Jersey 07311-3901, Attention: Trust & Securities Services, acting in its capacity as indenture trustee for the benefit of the Noteholders under the Indenture referred to below (together with its successors and assigns, the “**Beneficiary**”).

RECITALS:

The Trustor, Beneficiary and certain other parties are entering or have entered into an Indenture, dated as of November 27, 2012 (as amended, restated or supplemented from time to time in accordance with its terms, the “**Indenture**”), pursuant to which affiliates of Trustor will from time to time issue notes; and

This Security Instrument is given pursuant to the Indenture, and payment, fulfillment, and performance by Trustor of its obligations thereunder and under the other documents and instruments executed in connection with the Indenture (the Indenture, the notes issued thereunder and the other documents executed in connections therewith, as the same may be amended, modified, restated, replaced, substituted, or otherwise supplemented from time to time, are collectively referred to as the “**Financing Documents**”) are secured hereby. All capitalized terms not defined herein shall have the respective meanings set forth in the Indenture.

Article 1 - GRANTS OF SECURITY

Section 1.1 PROPERTY MORTGAGED. Trustor does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer, convey and grant a security interest to Trustee and to Beneficiary and its successors and assigns all of its right, title and interest in and to that certain Purchase and Sale of Lease and Successor Lease agreement described in Exhibit A attached hereto (the “**Purchase Agreements**”) and, in addition thereto, or deriving from or relating thereto, the following property, rights, interests and estates now owned, or hereafter acquired by Trustor (collectively, the “**Property**”):

(a) Lease. The landlord’s interest in the lease described in Exhibit B attached hereto (the “**Existing Lease**”) affecting the Premises (as defined in the Purchase Agreements) (such Premises forming a part of the real property described on Exhibit C attached hereto (the “**Land**”)) and assigned to Trustor pursuant to the Purchase Agreement, and the tenant’s interest in any Successor Lease (as defined in the Purchase Agreement) entered into following the date hereof (a “**Successor Lease**”; the Existing Lease and any Successor Lease hereinafter collectively referred to as a “**Lease**”), including all assignments, modifications, extensions and renewals of each Lease and all credits, deposits, options, privileges and rights of Trustor as landlord or tenant, as applicable, under each Lease, including, but not limited to, the right, if any, to renew or extend each Lease for a succeeding term or terms, and also including all the right,

title, claim or demand whatsoever of Trustor either in law or in equity, in possession or expectancy, of, in and to Trustor's right, as landlord or tenant, as applicable, under each Mortgaged Lease pursuant to Section 365 of the Bankruptcy Code, Title 11 U.S.C.A. §101 *et seq.* (the "**Bankruptcy Code**");

(b) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land in which Trustor may have an interest pursuant to the Purchase Agreement (collectively, the "**Improvements**");

(c) Fixtures and Personal Property. All machinery, equipment, fixtures and other property of every kind and nature whatsoever in which Trustor may now or hereafter have an interest pursuant to the Purchase Agreement (collectively, the "**Personal Property**"), and all proceeds and products of the above;

(d) Rents. All rents, additional rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, deposits (including, without limitation, security, utility and other deposits) and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Trustor or its agents or employees from any and all sources arising from or attributable to the Property now existing or hereafter arising (collectively, the "**Rents**") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(e) Insurance Proceeds. All insurance proceeds in which Trustor may have an interest pursuant to the Purchase Agreement;

(f) Condemnation Awards. All of Trustor's interests in any awards, including interest thereon, which may heretofore and hereafter be made with respect to the Property by reason of condemnation, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for any other injury to or decrease in the value of the Property;

(g) Rights. The right, in the name and on behalf of Trustor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property;

(h) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing items set forth in subsections (a) through (h) including, without limitation, Insurance Proceeds and Awards, into cash or liquidation claims; and

(i) Other Rights. Any and all other rights of Trustor in and to the items set forth in subsections (a) through (i) above.

Section 1.2 ASSIGNMENT OF RENTS. Trustor hereby absolutely and unconditionally assigns to Trustee, and to Beneficiary all of Trustor's right, title and interest in and to all current and future Leases and Rents; it being intended by Trustor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless,

subject to the terms of the Indenture, this Section 1.2 and Section 7.1 of this Security Instrument, Beneficiary grants to Trustor a revocable license to collect, receive, use and enjoy the Rents.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Beneficiary and Trustee, and their respective successors and assigns, forever;

IN TRUST, WITH POWER OF SALE, to secure payment to Beneficiary at the time and in the manner provided for its payment in the Indenture;

PROVIDED, HOWEVER, with respect to any Lease and the Land subject to such Lease, that the lien of this Security Instrument does not encumber such Land;

PROVIDED FURTHER, HOWEVER, these presents are upon the express condition that, if Trustor shall well and truly pay to Beneficiary the Debt (defined below) at the time and in the manner provided in the Indenture, shall well and truly perform the Other Obligations (defined below) as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth in the Indenture, these presents and the estate hereby granted shall cease, terminate and be void.

Article 2 - DEBT AND OBLIGATIONS SECURED

Section 2.1 DEBT. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing each promissory note issued pursuant to the Financing Documents and all other notes given in substitution therefor or in modification, renewal, extension, increase, or consolidation thereof, in whole or in part, as set forth in the Financing Documents (the “Debt”).

Section 2.2 OTHER OBLIGATIONS. This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the performance of the following (the “Other Obligations”): (a) all other obligations of Trustor contained herein; (b) each obligation of Trustor contained in the Indenture and any other Financing Document; and (c) each obligation of Trustor contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Indenture or any other Financing Document.

Section 2.3 DEBT AND OTHER OBLIGATIONS. Trustor’s obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively herein as the “Obligations.”

Section 2.4 PAYMENT OF DEBT. Trustor will pay the Debt at the time and in the manner provided in the Indenture.

Section 2.5 INCORPORATION BY REFERENCE. All of the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties contained in (a) the Indenture, and (b) all and any of the other Financing Documents, are hereby made a part of

this Security Instrument to the same extent and with the same force as if fully set forth herein.

Article 3 - PROPERTY COVENANTS

Trustor covenants and agrees that:

Section 3.1 LEASES. Trustor shall not enter in any leases or sublease for all or any portion of the Property unless in accordance with the provisions of the Indenture.

Section 3.2 WARRANTY OF TITLE. Trustor has good, marketable and insurable title to the Property, free and clear of all Liens whatsoever except as may be expressly permitted under the Financing Documents (the “**Permitted Encumbrances**”) and the Liens created by the Financing Documents. This Security Instrument, when properly recorded in the appropriate records will create a valid, perfected first priority lien on the Property, subject only to Permitted Encumbrances and the Liens created by the Financing Documents. Trustor shall forever warrant, defend and preserve the title and the validity and priority of the Lien of this Security Instrument and shall forever warrant and defend the same to Beneficiary and/or Trustee against the claims of all Persons whomsoever (other than holders of the Permitted Encumbrances).

Article 4 - DUE ON SALE/ENCUMBRANCE

Section 4.1 NO SALE/ENCUMBRANCE. Trustor shall not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, lease, sublease, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Property or any part thereof, other than in accordance with the provisions of the Indenture, without the prior written consent of Beneficiary.

Article 5 RELEASE OF PROPERTY

Section 5.1 RELEASE OF PROPERTY. Trustor shall not be entitled to a release of any portion of the Property from the lien of this Security Instrument except in accordance with terms and conditions of the Indenture.

Article 6 - DEFAULT

Section 6.1 EVENT OF DEFAULT. The term “**Event of Default**” as used in this Security Instrument shall have the meaning assigned to such term in the Indenture.

Article 7 - RIGHTS AND REMEDIES UPON DEFAULT

Section 7.1 REMEDIES. Upon the occurrence and during the continuance of any Event of Default, Trustor agrees that Beneficiary may, or acting through Trustee may, take such action or actions as may be provided in the Indenture and the other Financing Documents, and, in addition thereto, shall have the right to take the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of

Beneficiary or Trustee:

(a) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(b) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(c) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Trustor therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(d) the license granted to Trustor under Section 1.2 hereof shall automatically be revoked; and

(e) in the event that Trustor is the tenant under any Successor Lease, Beneficiary may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Trustor and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Trustor and its agents or servants wholly therefrom, and Trustor agrees to surrender possession of the Property to Beneficiary upon demand, and thereupon Beneficiary may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Beneficiary deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Trustor with respect to the Property, whether in the name of Trustor or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases; and (v) require Trustor to vacate and surrender possession of the Property to Beneficiary and, in default thereof, Trustor may be evicted by summary proceedings or otherwise.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

Article 8 FURTHER ASSURANCES

Section 8.1 RECORDING OF SECURITY INSTRUMENT, ETC. Trustor forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, will cause this Security Instrument and any of the other Financing Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or

security interest hereof upon, and the interest of Beneficiary in, the Property. Trustor will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of this Security Instrument, the other Financing Documents, and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Security Instrument, the other Financing Documents, or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 8.2 LEGAL FEES FOR ENFORCEMENT. After the occurrence and during the continuance of an Event of Default, Trustor shall pay to Beneficiary on demand any and all reasonable out-of-pocket expenses, including legal expenses and attorneys' fees, incurred or paid by Beneficiary in protecting its interest in the Property or in collecting any amount payable hereunder or in enforcing its rights hereunder with respect to the Property (including commencing any foreclosure action), whether or not any legal proceeding is commenced hereunder or thereunder, together with interest thereon at the Default Rate from the date paid or incurred by Beneficiary until such expenses are paid by Trustor. The phrases "legal expenses" and "attorneys' fees" shall include any and all reasonable attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Beneficiary in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder after the occurrence and during the continuance of an Event of Default.

Article 9 - ENVIRONMENTAL HAZARDS

Section 9.1 ENVIRONMENTAL COVENANTS. Trustor has provided representations, warranties and covenants regarding environmental matters set forth in the Indenture.

Article 10 - WAIVERS

Section 10.1 WAIVER OF FORECLOSURE DEFENSE. Trustor hereby waives any defense Trustor might assert or have by reason of Beneficiary's failure to make any tenant or lessee of the Property a party defendant in any foreclosure proceeding or action instituted by Beneficiary.

Article 11 - NOTICES

Section 11.1 NOTICES. All notices or other written communications hereunder shall be delivered in accordance with the notice provisions of the Indenture.

Article 12 - APPLICABLE LAW

Section 12.1 GOVERNING LAW. This Security Instrument shall be governed, construed, applied and enforced in accordance with the laws of the state in which the Property is located and applicable laws of the United States of America.

Section 12.2 PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the

exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof shall be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

Article 13 - MISCELLANEOUS PROVISIONS

Section 13.1 NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Trustor or Beneficiary, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 13.2 SUCCESSORS AND ASSIGNS. This Security Instrument shall be binding upon and inure to the benefit of Trustor and Beneficiary and their respective successors and assigns forever.

Section 13.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Indenture, the Security Agreement or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Indenture, the Security Agreement and this Security Instrument shall be construed without such provision.

Section 13.4 HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 13.5 NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 13.6 ENTIRE AGREEMENT. This Security Instrument and the other Financing Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Trustor and Beneficiary are superseded by the terms of this Security Instrument and the other Financing Documents.

Section 13.7 LIMITATION ON BENEFICIARY'S RESPONSIBILITY. No provision of this Security Instrument shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Beneficiary, nor shall it operate to make Beneficiary responsible or liable for any waste committed on the Property by the tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger. Nothing herein contained shall be construed as constituting Beneficiary a "mortgagee in possession."

Section 13.8 DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form. The word "Trustee" shall mean "Trustee and any substitute Trustee of the estates, properties, powers, trusts and rights conferred upon Trustee pursuant to this Security Instrument."

Article 14 - CROSS-COLLATERALIZATION

Section 14.1 Trustor acknowledges that the Debt is secured by this Security Instrument together with those additional mortgages, deeds of trust or deeds to secure debt (the "**Additional Security Instruments**") given by Trustor to Beneficiary and other Financing Documents securing or evidencing the Debt, and encumbering other properties, all as more specifically set forth in the Indenture. Upon the occurrence and during the continuance of an Event of Default, Beneficiary shall have the right to institute a proceeding or proceedings for the total or partial foreclosure of this Security Instrument and any or all of the Additional Security Instruments whether by court action, power of sale or otherwise, under any applicable provision of law, for all of the Debt or the portion of the Debt allocated to the Property in this Security Instrument, and the lien and the security interest created by the Additional Security Instruments shall continue in full force and effect without loss of priority as a lien and security interest securing the payment of that portion of the Debt then due and payable but still outstanding. Trustor acknowledges and agrees that the Property and the other properties are located in one or more States, Commonwealths and counties, and therefore Beneficiary shall be permitted upon the occurrence and during the continuance of an Event of Default to enforce payment of the Debt and the performance of any term, covenant or condition of this Security Instrument or the Additional Security Instruments and exercise any and all rights and remedies under this Security Instrument, the other Financing Documents, or the Additional Security Instruments or as provided by law or at equity, by one or more proceedings, whether contemporaneous, consecutive or both, to be determined by Beneficiary, in its sole discretion, in any one or more of the States, Commonwealths or counties in which the Property or any of the other properties is located. Neither the acceptance of this Security Instrument, the other Financing Documents nor the enforcement thereof in any one State, Commonwealth or county, whether by court action, foreclosure, power of sale or otherwise, shall prejudice or in any way limit or preclude enforcement by court action, foreclosure, power of sale or otherwise, of this Security Instrument, the other Financing Documents, or any Additional Security Instruments through one or more additional proceedings in that State, Commonwealth or county or in any other State, Commonwealth or county.

Article 15 - DEED OF TRUST PROVISIONS

Section 15.1 CONCERNING THE TRUSTEE. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon

giving thirty (30) days' notice to Trustor and to Beneficiary. Beneficiary may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Beneficiary may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Beneficiary. The procedure provided for in this Section 15.1 for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

Section 15.2 TRUSTEE'S FEES. Trustor shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such costs, fees and expenses shall be secured by this Security Instrument.

Section 15.3 CERTAIN RIGHTS. With the approval of Beneficiary and Trustor (provided that no approval shall be required from Trustor during the continuance of any Event of Default), Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution, and interpretation of this Security Instrument or the other Financing Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (iii) to select and employ, in and about the execution of his/her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or willful misconduct, and (iv) any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for reasonable expenses actually incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered.

Section 15.4 RETENTION OF MONEY. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by

Trustee hereunder.

Section 15.5 PERFECTION OF APPOINTMENT. Should any deed, conveyance, or instrument of any nature be required from Trustor by any Trustee or substitute trustee to more fully and certainly vest in and confirm to the Trustee or substitute trustee such estates, rights, powers, and duties, then, upon request by the Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Trustor.

Section 15.6 SUCCESSION INSTRUMENTS. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his/her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in the Trustee's place.

Article 16 - STATE SPECIFIC PROVISIONS

Section 16.1 PRINCIPLES OF CONSTRUCTION. In the event of any inconsistencies between the terms and conditions of this Article 16 and the terms and conditions of this Security Instrument, the terms and conditions of this Article 16 shall control and be binding.

Section 16.2 TRUSTOR. The word "grantor" is hereby deleted wherever it appears in this Security Instrument and the word "Trustor" is substituted therefor.

Section 16.3 ASSIGNMENT OF LEASES AND RENTS. Section 1.2 of this Security Instrument entitled "Assignment of Rents" is hereby deleted in its entirety and the following is substituted therefor:

This Security Instrument constitutes a present, absolute assignment of the Leases and Rents from Trustor to Beneficiary. The Leases and Rents are hereby absolutely and irrevocably assigned by Trustor to Beneficiary. Subject to the terms of the Indenture, Beneficiary is hereby granted and assigned by Trustor the right to enter the Property for the purpose of enforcing its right in the Leases and Rents. Nevertheless, subject to the terms of this Section 1.2 and Section 7.1(d) of this Security Agreement and the terms of the Indenture, Beneficiary grants to Trustor a revocable license to collect Rents. Upon or at any time after the occurrence and during the continuance of an Event of Default, the license granted to Trustor herein may be revoked by Beneficiary, and Beneficiary may enter upon the Property, and collect, retain and apply the Rents toward payment of the Debt in accordance with the Indenture. The foregoing assignment shall be fully operative without any further action on the part of either party and Beneficiary shall be entitled to the Leases and Rents whether or not Beneficiary takes

possession of the Property or any part thereof.

Section 16.4 CONDITIONS TO GRANT. The portion of the paragraph beginning "PROVIDED, HOWEVER" appearing in this Security Instrument under the provisions entitled "Conditions to Grant" is hereby deleted in its entirety and the following language is substituted therefor:

PROVIDED FURTHER, HOWEVER, upon written request of Beneficiary stating that all sums secured hereby have been paid, that Trustor has well and truly abided by and complied with each and every covenant and condition set forth herein and in the Indenture, and upon the surrendering of this Security Instrument to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall re-convey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the estate hereby granted and then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto".

Section 16.5 DUE ON SALE/ENCUMBRANCE. Trustor expressly agrees that upon a violation of Article 4 of this Security Instrument by Trustor and acceleration of the principal balance of the Loan because of such violation, Trustor will pay all sums required to be paid in connection with a prepayment, if any, as described in the Indenture or any other Loan Document, herein imposed on prepayment after an Event of Default and acceleration of the principal balance. Trustor expressly acknowledges that Trustor has received adequate consideration for the foregoing agreement.

Section 16.6 POWER OF SALE. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, its successors and assigns, may elect to cause the Property or any part thereof to be sold as follows:

(a) Beneficiary may proceed as if all of the Property were real property, in accordance with subparagraph (d) below, or Beneficiary may elect to treat any of the Property which consists of a right in action or which is property that can be severed from the Land without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with the Security Agreement, separate and apart from the sale of real property, the remainder of the Property being treated as real property.

(b) Beneficiary may cause any such sale or other disposition to be conducted immediately following the expiration of any grace period, if any, herein provided (or immediately upon the expiration of any redemption period required by law) or Beneficiary may delay any such sale or other disposition for such period of time as Beneficiary deems to be in its best interest. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest.

(c) Intentionally Omitted.

(d) Should Beneficiary elect to sell the Property which is real property or which Beneficiary has elected to treat as real property, upon such election Beneficiary or Trustee shall give such Notice of Default and Election to Sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such Notice of Sale as may then be required by law, Trustee, at the time and place specified in the Notice of Sale, shall sell such Property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States, subject, however, to the provisions of subparagraph (i) hereof. Trustee for good cause may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Property consists of several lots or parcels, Beneficiary may designate the order in which such lots or parcels shall be offered for sale or sold. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

(e) In the event of a sale or other disposition of any such property, or any part thereof, and the execution of a deed or other conveyance, pursuant thereto, the recitals therein of facts, such as a default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchaser, payment of purchase money, and any other fact affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed of conveyance shall be conclusive against all persons as to such facts recited therein.

(f) Beneficiary and/or Trustee shall apply the proceeds of any sale or disposition hereunder to payment of the following: (1) the expenses of such sale or disposition together with Trustee's fees and reasonable attorneys' fees, and the actual cost of publishing, recording, mailing and posting notice; (2) the cost of any search and/or other evidence of title procured in connection therewith and transfer tax on any deed or conveyance; (3) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein; (4) all other sums secured hereby; and (5) the remainder if any to the person or persons legally entitled thereto.

(g) The acknowledgment of the receipt of the purchase money, contained in any deed or conveyance executed as aforesaid, shall be sufficient discharge from all obligations to see to the proper application of the consideration therefor.

(h) Trustor hereby expressly waives any right which it may have to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto.

(i) Upon any sale of the Property, whether made under a power of sale herein granted or pursuant to judicial proceedings, if the holder of the Loan is a purchaser at such sale, it shall be entitled to use and apply all or any portion of the indebtedness then secured hereby for or in settlement or payment of all or any portion of the purchase price of the property purchased, and, in such case, this Security Instrument and documents evidencing expenditures secured hereby

shall be presented to the person conducting the sale in order that the amount of said indebtedness so used or applied may be credited thereon as having been paid.

(j) No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this instrument to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised from time to time and as often as may be deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies. If there exists additional security for the performance of the obligations secured hereby, the holder of the Loan, at its sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever other rights it may have in connection with such other security or in such order as it may determine.

(k) Trustor hereby requests that every notice of default and every notice of sale be given in accordance with the provisions of Article 11 hereof except as otherwise required by statute. Trustor may, from time to time, change the address to which notice of default and sale hereunder shall be sent by both filing a request therefor, in the manner provided by the California Civil Code, Section 2924b, and sending a copy of such request to Beneficiary, its successors or assigns in accordance with the provisions of Article 11 hereof.

Section 16.7 CONCERNING THE TRUSTEE:

(a) Trustee accepts the trust created by this Security Instrument when this Security Instrument, duly executed and acknowledged, is made a public record as provided by law.

(b) Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party, unless brought by Trustee.

[NO FURTHER TEXT ON THIS PAGE]

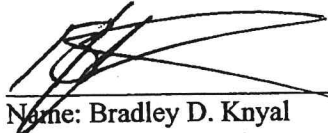
In witness whereof:

The undersigned, pursuant to proper authority of its operating agreement and/or bylaws, has duly executed, acknowledged and delivered this instrument as of the day and year first above written.

**VALENTINE CAPITAL, LLC,
a Delaware limited liability company**

SEAL

By:


Name: Bradley D. Knyal
Title: Authorized Signatory

Witness #1 as to Premises in CT, DE, FL, GA, LA, PA & SC:

Name: _____

Witness #2 as to Premises in CT, DE, FL, GA, LA, PA & SC:

Name: _____

Notary Public as to Premises in GA & LA:

Notary Public

The following acknowledgment page, including notary execution, is hereby incorporated by reference into this page as if set forth hereon in its entirety.

County of Los Angeles, State of California:

Multi-State LLC (by Individual) Acknowledgment:

On 06/05/2013, before me, the undersigned officer, personally appeared **Bradley D. Knyal**, who acknowledged himself / herself to me (or proved to me on the basis of satisfactory evidence) to be the President of the limited liability company (hereinafter, the "LLC"); and that as such Managing Member, being duly authorized to do so pursuant to its bylaws or operating agreement, executed, subscribed and acknowledged the foregoing instrument for the purposes therein contained, by signing the name of the LLC by himself / herself in his / her authorized capacity as such Managing Member as his / her free and voluntary act and deed and the free and voluntary act and deed of said LLC. Witness my hand and official seal.

Uniform Acknowledgment which is supplemental to the foregoing acknowledgment:

On 06/05/2013, before me, the undersigned, a Notary Public in and for said State, personally appeared **Bradley D. Knyal**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(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 individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument. *** Witness my hand and official seal.

CA Acknowledgment for use by CA Notaries only acting in CA which supersedes and replaces the foregoing acknowledgments:

On 06/05/2013, before me, Jennifer Pouliot, a Notary Public in and for the State of California, personally appeared Bradley D. Knyal 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, 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.

Notary Public

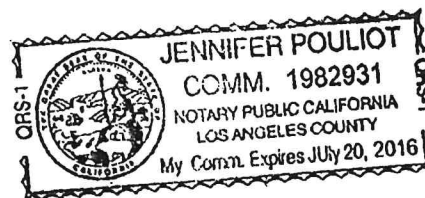


EXHIBIT A

(Description of Purchase and Sale of Lease and Successor Lease)

That certain Purchase and Sale of Lease and Successor Lease dated 03/15/2013, between LIGHT OF THE VALLEY, a California non-profit corporation, whose address is 9270 Bruceville Rd., Elk Grove, CA 95758, and Valentine Capital, LLC, whose address is 11900 W. Olympic Blvd., Ste. 400, Los Angeles, CA 90064, for the property located at 9270 Bruceville Rd., Elk Grove, CA 95758, for which a memorandum was recorded concurrently herewith in the County Recorder's Office Sacramento, State of California, as assigned to Trustor by mesne assignments.

EXHIBIT B

(DESCRIPTION OF EXISTING LEASES)

That certain Building and Rooftop Lease Agreement dated December 28, 2001, by and between LIGHT OF THE VALLEY, a California non-profit corporation, as successor in interest to Laguna Baptist Church, a California non-profit corporation whose address is 9270 BRUCEVILLE RD, ELK GROVE, CA 95758 ("Landlord") and Sacramento-Valley Limited Partnership d/b/a Verizon Wireless, ("Tenant"), whose address is 180 Washington Valley Road, Bedminster, NJ 07921, Attention: Network Real Estate, as amended by that certain First Amendment to Building and Rooftop lease Agreement dated December 28, 2001 and that certain Second Amendment to Building and Rooftop Lease Agreement dated August 27, 2002, for the property located at 9270 BRUCEVILLE RD, ELK GROVE, CA 95758.

EXHIBIT C

(LEGAL DESCRIPTION OF LAND)

An interest in land, said interest being over a portion of the following described parent parcel:

All that portion of the Northwest one-quarter of Section 34, Township 7 North, Range 5 East, M.D.B.&M., described as follows:

Beginning at a point in the East line of that certain parcel of land as described in a Decree Quieting Title entered by Superior Court for Sacramento County in Suit No. 85570, entitled Theodore Ehmisz et al, vs. Fred C. Dickson, et al, a certified copy of which was recorded March 26, 1951 in Book 2012, Page 208, Official Records; from which a 1 1/4 inch iron pipe marking the Northwest corner of said Section 34 bears North 01 degrees 28'16" West 256.85 feet, South 89 degrees 12'01" West 2549.25 feet and North 00 degrees 07'56" West 446.30 feet; thence from said point of beginning along said East line South 01 degrees 28'16" East 500.00 feet; thence South 88 degrees 41'32" West 356.96 feet; thence North 00 degrees 43'30" West 500.00 feet; thence North 88 degrees 41'32" East 355.54 feet to the point of beginning.

AND BEING the same property conveyed to Light of the Valley, a California non-profit corporation from Laguna Creek Community Church, a California non-profit corporation by Grant Deed dated April 16, 2004 and recorded April 20, 2004 in Deed Book 20040420, Page 0828.

Parcel No. 116-0061-011-0000



AIR COMMERCIAL REAL ESTATE ASSOCIATION
STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE -- NET

(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only June 5, 2017, is made by and between Light of the Valley Church and Fortune School of Education

1.2 Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 9270 Bruceville Road, Elk Grove located in the County of Sacramento, State of California and generally described as (describe briefly the nature of the property and, if applicable, the "Project", if the property is located within a Project) a 7,000 square foot educational facility

1.3 Term: 1 years and 0 months ("Original Term") commencing August 1, 2017 ("Commencement Date") and ending July 31, 2018 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing July 1, 2017 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$8,500.00 per month ("Base Rent"), payable on the First day of each month commencing August 1, 2017. (See also Paragraph 4)

[X] If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 52 & 55

1.6 Base Rent and Other Monies Paid Upon Execution:

- (a) Base Rent: \$8,500.00 for the period of August 1, 2017 through July 31, 2018
(b) Security Deposit: \$8,500.00 ("Security Deposit"). (See also Paragraph 5)
(c) Association Fees: \$ for the period
(d) Other: \$ for
(e) Total Due Upon Execution of this Lease: \$17,000.00

1.7 Agreed Use: 9-12 grade school and associated uses. (See also Paragraph 6)

1.8 Insuring Party: Lessor is the "Insuring Party" unless otherwise stated herein. (See also Paragraph 8)

1.9 Real Estate Brokers: (See also Paragraph 15 and 25)

(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

- [X] Chris Bury / Foundry Commercial, Inc represents Lessor exclusively ("Lessor's Broker");
[X] Dave Smith / Cresa Sacramento represents Lessee exclusively ("Lessee's Broker"); or
[] represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of or % of the total Base Rent)

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the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 30 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. ~~If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure.~~ If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

INITIALS

INITIALS

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1. **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, Insurance and Real Property Taxes, and any remaining amount to any other outstanding charges or costs.

~~4.3 **Association Fees.** In addition to the Base Rent, Lessee shall pay to Lessor each month an amount equal to any owner's association or condominium fees levied or assessed against the Premises. Said monies shall be paid at the same time and in the same manner as the Base Rent.~~

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor ~~may suffer or incur~~ *has suffered or incurred* by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 30 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles; *except however, Lessee shall be able to keep and use animals for educational purposes, including science classes, particularly preserved animals used for the purpose of dissection.* Lessor shall not unreasonably withhold or delay its consent to any request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

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6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, ~~or any third party.~~

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, ~~or any third party~~ (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. **No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.** *Duty to Inform Lessee: Lessor shall advise whether to the best of the Lessors knowledge there are any Hazardous Materials in the Building and represents to the best of their knowledge that there are no Hazardous Materials in the Building.*

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which *occurred during Lessee's occupancy but was not caused by Lessee or anyone acting on Lessee's behalf, or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees.* Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. *Lessee shall have the right to immediately terminate the Lease if Hazardous Materials are discovered on the premises during the Lease Term, including Option Terms, that pose a threat to the health or safety of employees or students, unless Lessee is responsible for introducing Hazardous Materials to the Property.*

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises ~~prior to Lessee's~~

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occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of a written request therefor. In addition, Lessee shall provide Lessor with copies of its business license, certificate of occupancy and/or any similar document within 10 days of the receipt of a written request therefor.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. *A reasonable time shall be presumed to be at least 24 hours written notice, and, to the best, of the Lessor's ability, inspections and testing shall occur when school is not in session.* Any person who shall come to the school shall check in at the front office before entering any other area of campus. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of a written request therefore. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. **Maintenance; Repairs, Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), and 54 (*Lease Type*) Lessee shall, at Lessee's sole

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expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ~~foundations, ceilings, roofs, roof drainage systems~~, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, ~~retaining walls~~, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (ie. 1/144th of the cost per month). Lessee shall pay Interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written

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form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or ~~alleged to have been furnished~~ to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. ~~Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear.~~ Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, ~~or any third party~~ (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment For Insurance.** Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within 40¹⁵ business days following receipt of an invoice.

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include

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coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an Insured Loss.

(b) **Rental Value.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) **Adjacent Premises.** If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

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8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. *In the event of Lessor's gross negligence or willful misconduct, Lessor agrees to indemnify and hold Lessee harmless, and shall also be responsible for any attorney's fees and costs incurred by Lessee relating to any such manner.*

8.8 **Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its agents, *Excepting gross negligence or willful misconduct of Lessor or its agents*, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) "**Premises Partial Damage**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "**Premises Total Destruction**" shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "**Insured Loss**" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "**Replacement Cost**" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "**Hazardous Substance Condition**" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires remediation.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's

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expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished. If the damage or destruction was due to Lessor's gross negligence or willful misconduct, Lessee shall have the right to recover from Lessor for any damages from Lessor, except as provided in Paragraph 8.6.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, ~~but not to exceed the proceeds received from the Rental Value insurance.~~ All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 30 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date

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not less than 30 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definition.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises or the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** In addition to Base Rent, Lessee shall pay to Lessor an amount equal to the Real Property Tax installment due at least 20 days prior to the applicable delinquency date. If any such installment shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such installment shall be prorated. In the event Lessee incurs a late charge on any Rent payment, Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a Breach by Lessee in the performance of its obligations under this Lease, then any such advance payments may be treated by Lessor as an additional Security Deposit.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 **Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

~~(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.~~

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction

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or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. ~~Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.~~

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting. *A student store shall not be considered assignment or subletting.*

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall

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undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

~~(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then-existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.~~

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of

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reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to ~~145%~~ 105% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an inducement Provision shall be immediately due and payable by Lessee to Lessor, ~~notwithstanding~~ *subject to cure by Lessee* any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to ~~40%~~ 5% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

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13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. Except in the case of an emergency, or as necessary to prevent injury or waste, For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion. In the event of emergency, or to prevent injury or waste, Lessee can take immediate action to protect/preserve the premises if Lessor or Lender fail to take necessary action.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or earlier in the event of an emergency or to prevent injury or waste, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the ~~greater of one month's Base Rent or the~~ Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.9 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.9, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue Interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "**Responding Party**") shall within ¹⁵10 days after written notice from the other Party (the "**Requesting Party**")

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execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such ^{15 MA} 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion, and should Lessor suffer any injury as a result thereof, the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to ~~40%~~ 5% of the then existing Base Rent or \$100, whichever is greater, ~~for remainder of the Lease~~. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor; *except that to the extent Lessee has a claim against Lessor, or to the extent that Lessor is obligated to indemnify Lessee in some manner, Lessor is not relieved of liability.* ~~Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.~~

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor and Lessee under this Lease shall not constitute personal obligations of Lessor and Lessee or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's and Lessee's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease, including each addendum thereto, contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, ~~except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice.~~ A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72

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hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, or after 5:00p.m. it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is

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considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; ~~(b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.~~

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within ~~60~~ 30 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said ~~60~~ 30 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting

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Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. *Noticed Inspections shall not occur during school hours when children are present. Anyone appearing for work or inspection shall check in at the office prior to entering any part of the school.*

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "for sublease" signs, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

~~37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease.~~

~~37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.~~

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply:

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid ~~(without regard to whether notice thereof is given Lessee), (iii)~~

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during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Multiple Buildings.** If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.

41. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. **Reservations.** Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" with 6 months shall be deemed to have waived its right to protest such payment.

44. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

45. **Conflict.** Any conflict between the printed provisions of this Lease and typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. **Offer.** Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

48. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

49. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

50. **Accessibility; Americans with Disabilities Act.**

(a) The Premises: have not undergone an inspection by a Certified Access Specialist (CASp). have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility

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standards pursuant to California Civil Code §55.51 et seq. have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: 9270 BRUKEVILLE, ELK GROVE, CA
On: 7/19/2017

Executed at: 2890 Gateway Oaks Dr Ste 100, Sac, CA 95835
On: 7/17/17

By LESSOR:

BY LESSEE:

Light of the Valley Church

Fortune School of Education

By: [Signature]
 Name Printed: JAY REED
 Title: PASTOR
 By: _____
 Name Printed: _____
 Title: _____
 Address: _____

By: [Signature]
 Name Printed: Margaret Fortune
 Title: President / CEO
 By: _____
 Name Printed: _____
 Title: _____
 Address: _____

Telephone: 916 691 3568
 Facsimile: () _____
 Email: PASTOR @ LIGHTOF THE VALLEY . NET
 Email: _____
 Federal ID No. _____

Telephone: (916) 924-8633
 Facsimile: (916) 924-8664
 Email: bbensen@fortuneshool.us
 Email: _____
 Federal ID No. 94-3187528

BROKER:

BROKER:

Foundry Commercial, Inc

Cresa Sacramento

Attn: Chris Bury
Title: Senior Vice President

Attn: _____
Title: _____

[Signature]

[Signature]

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Address: 270 Baker Street East, Suite 200,
Costa Mesa, California 92626
Telephone:(949) 939-6238
Facsimile:() _____
Email: chris.bury@foundrycommercial.com
Federal ID No. _____
Broker/Agent BRE License #: 01470578

Address: _____
Telephone:() _____
Facsimile:() _____
Email: _____
Federal ID No. _____
Broker/Agent BRE License #: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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Addendum

51. SHARED FACILITY USE:

"Premises" Shall include all modular classrooms, administrative area, kitchen and intermittent use of the church building. Landlord shall maintain all but 3 offices in the modular building and reception area during the Term of the Lease. Tenant will coordinate with the Church for use of the Church building and shared office spaces to avoid conflicts.

52. CONDITIONAL USE PERMIT:

Tenant understands and has confirmed with the City of Elk Grove there is an existing CUP associated with the Premises. Tenant is responsible to preform any improvements to the facility to complete or maintain the CUP in its sole cost and expense. Tenant shall complete these improvements and Landlord shall reimburse Tenant in the form of two and one half (2 1/2) month's free rent. Landlord shall be responsible for relocating or resolving with the city, the metal shipping containers, per the Luther Center CUP Amendment dated February 18, 2016. Because the 2 1/2 months of free rent are for compensation for work preformed by the Lessee, and not an abatement or inducement to rent the premises, Lessor shall not be allowed to recapture the 2 1/2 months of free rent in the event Lessee is in breach of any other provision of this Lease.

53. FURNITURE:

Tenant requests the use of all furniture and shelving in the classrooms, administrative area and kitchen.

54. LEASE TYPE:

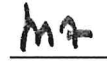
Lease shall be a "Triple Net" (NNN) lease arrangement, meaning that the Tenant, as part of the rental and in addition to the Rent, will be paying for all operating expenses including but not limited to, utilities, landscape maintenance, all interior and exterior maintenance, including plumbing, electrical, and HVAC systems and provide its janitorial services to the premises. The Landlord shall only be responsible for all structural integrity of the building including the roof.

55. OPTION TO EXTEND:

Lessee shall have two (2) one (1) year Options to Extend the Lease. In the event Lessee exercises its first or second Option to Extend, Tenant shall have the exclusive right, but not the obligation, to install additional



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portable units on the property. The location and improvements shall require Lessor written consent. In the event additional portables are added by Lessee, Lessee shall pay Lessor "Ground Rent" in the amount of \$2,000 per month for the first extension and \$4,000 per month for the second extension. In the event Lessee exercises its Option(s) to Extend, rent shall increase 3% over the previous (12) month period.

56. CONTINGENCY

Lessee shall have a sixty (60) day Due Diligence Period from the effective date of a fully executed Lease Agreement. During this period, Lessee shall have the right to preform its duties related to improving the Premises, including the painting required as a part of the Conditional Use Permit referenced in Paragraph 52, and seeking the required approvals from the governing Jurisdictions, including the Sacramento County Office of Education (SCOE). In the event, SCOE denies Lessee's use of the Premises, Lessee shall have the right to terminate the Lease. Lessor shall immediately return Lessee's First Month's Rent and Security Deposit amounts.

57. EARLY ACCESS

Lessee shall have early access to the premises thirty (30) days prior to Lease Commencement, for the purposes of completion improvements Lessee wishes to complete, other than the painting set forth in Paragraph 52 required as part of the Conditional Use Permit, as set forth in Paragraph 56. Lessor shall have the right to review and approve any additional improvements. Early access shall not trigger commencement of the Lease.

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1st AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of May 1, 2018, by and between Light of the Valley Church ("Lessor") and Fortune School of Education ("Lessee").

WHEREAS, on or about June 5, 2017 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as (street address, city, state, zip): - 9270 Bruceville Road, Elk Grove, CA 95758 (the "Premises"), and

WHEREAS, Lessor and Lessee have have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of ~~TEN DOLLARS~~ **\$0.00** and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

TERM: The Expiration Date is hereby advanced extended to July 31, 2019.

AGREED USE: The Agreed Use is hereby modified to: _____.

BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows: Base Rent shall increase by 3% to \$8,755.00 per month.

OTHER: _____.

This Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:

Light of the Valley Church

By: 
Name Printed: Jay Reed
Title: Pastor
Phone: 916-691-3568
Fax: _____
Email: pastor@lightofthevalley.net

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____
Address: _____
Federal ID No.: _____

By Lessee:

Fortune School of Education

By: 
Name Printed: Margaret Fortune
Title: President/CEO
Phone: 916-924-8633
Fax: 916-924-8664
Email: bbenson@fortuneschool.us

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____
Address: _____
Federal ID No.: _____

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Second AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of August 15, 2018, by and between Light of the Valley Church ("Lessor") and Fortune School of Education ("Lessee").

WHEREAS, on or about June 5, 2017 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as (street address, city, state, zip): 9270 Bruceville Road, Elk Grove, CA 95758 (the "Premises"), and

WHEREAS, Lessor and Lessee have have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of ~~TEN DOLLARS~~ **\$0.00** and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

TERM: The Expiration Date is hereby advanced extended to ____.

AGREED USE: The Agreed Use is hereby modified to: ____.

BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows: ____.

OTHER: The original Lease Section 1.7 "Agreed Use" shall be replaced to read "Exclusively used as a grades 9-12 charter school and associated uses."

This Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:

Light of the Valley Church

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

By Lessee:

Fortune School of Education

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

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ATL-1.00, Revised 01-03-2017

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Third AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of June 13, 2019, by and between Light of the Valley Church ("Lessor") and Fortune School of Education ("Lessee").

WHEREAS, on or about June 5, 2017 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as (street address, city, state, zip): 9270 Bruceville Road, Elk Grove, CA 95758 (the "Premises"), and

WHEREAS, Lessor and Lessee have have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of TEN DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

TERM: The Expiration Date is hereby advanced extended to July 31, 2020.

AGREED USE: The Agreed Use is hereby modified to: _____.

BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows: Base Rent shall increase by 3% to \$9,017.65.

OTHER: _____.

This Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:

Light of the Valley Church

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

By Lessee:

Fortune School of Education

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

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Page 1 of 1

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Fourth AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of June 13, 2020, by and between Light of the Valley Church ("Lessor") and Fortune School of Education ("Lessee").

WHEREAS, on or about June 5, 2017 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as (street address, city, state, zip): 9270 Bruceville Road, Elk Grove, CA 95758 (the "Premises"), and

WHEREAS, Lessor and Lessee have have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of TEN DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

TERM: The Expiration Date is hereby advanced extended to July 31, 2021.

AGREED USE: The Agreed Use is hereby modified to: _____.

BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows: Base Rent shall increase by 3% to \$9,288.18. In addition, Lessee shall pay to Lessor \$2,000 per month in consideration of "Ground Rent." Total rent due per month shall be \$11,288.18.

OTHER: _____.

Per the attached Exhibit A, Lessee shall have the exclusive right to install up to 4 portable units (classrooms) and a restroom portable where indicated.

Lessee shall have the option to extend the lease one additional year. The total "Ground Rent" shall be \$4,000 per month and base rent shall increase 3% over the previous 12-month period. Lessee shall inform Lessor at least six (6) months in advance of the expiration date of this Amendment if Lessee chose to extend.

Lessee shall increase the Security Deposit by an additional \$10,000, payable to Lessor within 30 days of mutual execution of this agreement.

Lessee shall incur all costs of installing the portables including all costs for infrastructure work, including electrical, sewer, water and internet service. Should the city of Elk Grove require any modifications to the conditional use permit (CUP), Lessee shall incur all such costs.

Lessee shall also pay for any and all ongoing separately metered utilities services, including but not limited to installation, monthly billing, maintenance, and removal.

Lessee shall be responsible for all costs related to the modular buildings referenced in Exhibit A including but not limited to maintenance, utilities, and ongoing operation.

Lessor shall have the right to request the portable units remain on site, by direct interaction with the third-party supplying the portable rentals. In that case, all infrastructure shall remain at the expiration of the lease term. If Lessor chooses not to have the portables remain, Lessee shall restore property to its original condition that shall be limited to all top side improvements including regrading and landscape repair. Any underground improvements installed by Lessee shall be kept as necessary and remain in place.

This Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.



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Page 1 of 2

By Lessor:

Light of the Valley Church

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

JAY REED
PASTOR

By Lessee:

Fortune School of Education

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

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Federal ID No.: _____

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ADDENDUM D
HOUSING INFORMATION

Jurisdiction	Elk Grove	
Reporting Year	2019	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
 Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2									3	4
Income Level		RHNA Allocation by Income Level	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	2035		49			35		63			147	1888
	Non-Deed Restricted												
Low	Deed Restricted	1427		14			62		32			108	1319
	Non-Deed Restricted												
Moderate	Deed Restricted	1377										271	1106
Above Moderate	Non-Deed Restricted	2563	173	74	23	1							
Total RHNA		7402	196	505	616	453	433	793	1012			4008	
Total Units			369	642	639	454	530	793	1107			4534	4313

Note: units serving extremely low-income households are included in the very low-income permitted units totals
 Cells in grey contain auto-calculation formulas

Jurisdiction	Elk Grove	
Reporting Year	2019	(Jan. 1 - Dec. 31)

**ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation**

(CCR Title 25 §6202)

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

**Table A
Housing Development Applications Submitted**

Project Identifier				Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes							Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Notes			
1				2	3	4	5							6	7	8	9	10		
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project (Auto-calculated Can Be Overwritten)	Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining)	Notes*	
Summary Row: Start Data Entry Below																				
	127-0080-064	10005 Pleasant Grove School Road	Tankersly Parcel Map	PLNG19-006	SFD	O	1/30/2019								2092	2092	1698	394	0	
	132-0050-158	no address	Madeira South Lot A TSM	PLNG19-022	SFD	O	4/15/2019								75	75	75	0		No
	132-0050-163	7710 Poppy Ridge Rd	McGeary Ranch TSM Extension	PLNG19-027	SFD	O	6/4/2019								227	227	227	0		No 36-month extension of previously approved map
	132-0050-061 132-0050-062	no address	Arbor Ranch TSM Extension	PLNG19-028	SFD	O	6/4/2019								810	810	810	0		No 36-month extension of previously approved map
	119-0151-031 119-0151-032 119-0151-033	5171 Tegan Rd	Tegan Estates	PLNG19-031	SFD	O	6/14/2019								39	39	0	39		No Pending approval
	127-0070-035 127-0070-036	10049 Bond Rd	Bond Road TPM and Rezone	PLNG19-032	SFD	O	6/25/2019								3	3	0	3		No Pending approval
	127-0140-019	9291 Waterman Rd	G. K. Waterman TSM Extension	PLNG19-037	SFD	O	7/26/2019								22	22	22	0		No 36-month extension of previously approved map
	132-0050-149 132-0050-150	no address	Maderia South TSM Extension	PLNG19-040	SFD	O	8/21/2019								460	460	460	0		No 36-month extension of previously approved map
	119-1110-089	no address	Toscana Apartments	PLNG19-045	5+	R	10/23/2019								206	206	0	206		No Pending approval
	119-1110-009 119-1110-010 119-1110-013 119-1110-014	300 Vaux Avenue	Laguna Main Street Apartments	PLNG19-047	5+	R	10/31/2019								148	148	0	148		No Pending approval
	132-0050-140 132-0050-041	8000 Poppy Ridge Road	Tuscan Village West Extension	PLNG19-002	SFD	O	1/7/2019								100	100	100	0		No 36-month extension of previously approved map

Jurisdiction	Elk Grove	
Reporting Year	2019	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
 Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2									3	4
Income Level		RHNA Allocation by Income Level	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	2035		49			35		63			147	1888
	Non-Deed Restricted												
Low	Deed Restricted	1427		14			62		32			108	1319
	Non-Deed Restricted												
Moderate	Deed Restricted	1377										271	1106
	Non-Deed Restricted		173	74	23	1							
Above Moderate	Non-Deed Restricted	2563	196	505	616	453	433	793	1012			4008	
Total RHNA		7402											
Total Units			369	642	639	454	530	793	1107			4534	4313

Note: units serving extremely low-income households are included in the very low-income permitted units totals
 Cells in grey contain auto-calculation formulas

ADDENDUM E
ENGAGEMENT LETTER

History (Inspection Complete)

04/21/20 11:04 AM	Message from Appraiser (Roger Hodge)	<i>Hello! The appraisal will be uploaded tomorrow, Wednesday April 22. Thanks for all! Roger</i>
04/21/20 10:29 AM	Message from Client (Natasha Valvo)	<i>Hi Roger I keep asking this client for extensions and they are getting frustrated. Every day that you say its going to be in and its not I have to email them and give them an explanation and then they have to have a discussion with their superior. Can you please just tell me when we're honestly going to have the report at the very latest so we don't have to keep going back and forth?</i>
04/21/20 01:53 AM	Message from Appraiser (Roger Hodge)	<i>Thanks Hello! The appraisal is nearing completion and will be uploaded late today (Tuesday). Valuation is complete and issues resolved. Thanks for all! Roger</i>
04/21/20 01:00 AM	Past Due Reminder Sent	
04/20/20 07:44 PM	Message from Appraiser (Roger Hodge)	<i>Hello! The market value of the entire subject property, i.e. 4.09 acres of multi-family land "as if vacant" is \$2,440,000. The market value of the entire subject property "as is", i.e. with 2.34 acres improved with 12,580 square feet of building improvements and parking lot, plus the excess land value of 1.75 acres of additional developable multi-family land, is \$2,680,000.</i>
04/20/20 09:45 AM	Message from Client (Natasha Valvo)	<i>Good morning Please confirm that we're going to receive this report today at the latest.</i>
04/20/20 01:25 AM	Message from Appraiser (Roger Hodge)	<i>Thanks! Hello! The appraisal is nearing completion. I have additional calls/emails to zoning officials with the City of Elk Grove which should be returned Monday (working remotely). After researching and googling the City's website this weekend additional info was helpful. Basically, zoning changes regarding density were recommended mid-December 2019 to be passed by the city council...and it appears that has happened now. The subject also has 1.75 acres of excess land out of 4.09 acres total, which is included in the valuation analyses. I believe the report will be uploaded late Monday. Thanks for all! Roger</i>
04/19/20 12:31 AM	Past Due Reminder Sent	
04/17/20 02:30 AM	Message from Appraiser (Roger Hodge)	<i>Hello! After the webinar on Friday afternoon regarding the effects of Covid-19 on the real estate market, additional language language and market conditions discussion will be added...the date of uploading should be Saturday April 18. Thanks for all! Roger</i>
04/17/20 12:01 AM	Past Due Reminder Sent	
04/16/20 11:02 AM	Message from Client (Natasha Valvo)	<i>Hi Roger Thank you for that information. I am looking forward to receiving this report tomorrow.</i>
04/15/20 12:53 PM	Message from Appraiser (Roger Hodge)	<i>Thanks! Hello! The Appraisal Institute is offering a free Webinar this Friday afternoon...the topic is: "Valuation Impacts of Covid-19"...with an All-Star panel of leading valuation experts. This is a very timely topic and should provide additional insights into valuation in a pandemic. I would recommend this to anyone concerned about valuation in the new reality we face. Information to sign up for the webinar is available at: webinars@appraisalinstitute.org</i>
04/15/20 11:59 AM	Message from Appraiser (Roger Hodge)	<i>Webinar Time: Fri, Apr 17, 2020 12:00 PM - 2:00 PM CDT Hello Thanks for asking....the appraisal report will be uploaded Friday, April 17.... Thanks for all! Roger</i>
04/15/20 11:36 AM	Message from Client (Natasha Valvo)	<i>Good afternoon Are we going to receive this report tomorrow?</i>
04/14/20 08:47 AM	Message from Appraiser (Roger Hodge)	<i>Thanks Hello! Yes, the appraisal is being performed. Redevelopment as planned isn't prohibited. Thanks for asking</i>
04/14/20 07:45 AM	Message from Client (Natasha Valvo)	<i>Good morning Please see below the message I just received from my client. I'm assuming the answer is yes per your previous message. Please confirm that you read this message because there is other information the client provided. If Light of the Valley cannot locate these documents, can the appraiser proceed? I know these cell tower agreements can be hard to track down, particularly if they have been recorded. At this point, Bethesda is assuming there is no cash flow or other financial benefit under the lease that would be assumed by the Purchaser. The main question for us is whether there are any prohibitions against redevelopment that would impair the appraised value.</i>
04/13/20 08:33 PM	Message from Appraiser (Roger Hodge)	<i>Thanks Hello! The document identified as the tower lease, is the same Valentine mortgage financial instrument received previously, it only references the tower lease and rooftop lease, but is not in fact a lease, as you will see when you read it.</i>

I am going to say that the tower and rooftop leases were requested but were not available to the appraisers. The tower involves an extraordinary assumption in the appraisal, and it was more of doing due diligence to read these lease(s).

04/13/20 08:27 PM Document Viewed from Appraiser (Roger Hodge) (doc00189120200402125125.pdf)
04/13/20 08:25 PM Document Viewed from Appraiser (Roger Hodge) (doc00197420200408130031.pdf)
04/09/20 07:29 AM Message from Client (Natasha Valvo)
Attached is the Fortune lease and amendments and the cell tower agreement

04/09/20 07:29 AM Document Uploaded from Client (Natasha Valvo) (doc00189120200402125125.pdf)
04/09/20 07:29 AM Document Uploaded from Client (Natasha Valvo) (doc00197420200408130031.pdf)
04/06/20 08:56 AM Message from Client (Natasha Valvo)
From: *Natasha Woods*
Sent: *Monday, April 6, 2020 9:56 AM*
To: *Roger Hodge <Roger_Hodge@live.com>*
Subject: *RE: Elk Grove Property Appraisal*

Hi Roger

I was wondering if you spoke with Mark Cassidy and that all of your questions have been answered now.

Thanks

04/03/20 03:00 PM Vendor due date changed by Client (Natasha Valvo)
Notes: *Vendor due date changed from 4/6/2020 to 4/16/2020. Reason: Due date changed*

04/03/20 02:18 PM Message from Appraiser (Roger Hodge)
Please revise the due date

04/03/20 11:37 AM Appraisal Fee Changed by Client (Natasha Valvo)
Notes: *Appraisal fee changed from \$1550 to \$2600. Reason: .*

04/02/20 09:32 AM Message from Client (Natasha Valvo)
One note on the Light of the Valley appraisal is there is a cell tower on the site that the owner has leased.

04/02/20 12:22 AM Message from Appraiser (Roger Hodge)
Hello!
Today I spoke with Kristine Giornalista with the borrower. Some issues have developed regarding the appraisal. As you know, or hope you know, I am contracted to appraise the land only, i.e. no buildings, which could be a hypothetical condition or possibly an extraordinary assumption. Kristine responded with an email this afternoon which follows:

Hi Roger,

It was nice chatting with you this afternoon. Attached is my full contact information. I will get back to you as soon as I can about whether the Buyer and Seller both want an "as-is" appraisal, in addition to the land value that you're working on.

Here are brief responses to your questions:

Purchase sale agreement for the site (showing price, buyer, seller, and the like)
We only have a Letter of Intent at this point. The purchase price is going to be a function of the appraised value. Attached is the LOI. Note that we got the name incorrect on the LOI – it is Light of the Valley Church (no "Lutheran" in the name). Also, note that the church has an agreement with a cellular provider for the decorative cell tower along Bruceville Road. We're waiting to receive a copy of that agreement.

Site plan showing the current building layout and building sizes
I will ask the church if they have anything.

Info about the proposed development...such as how many units, types of units, schedule and the like. Also, are they for-rent units or condos or? And schematic plans for the development, development costs, and development pro forma are requested, if available.
As I mentioned, we haven't gotten far in our due diligence. We're planning on demolishing all the structures and developing an affordable rental community with new sanctuary space for Light of the Valley Church. For the purposes of the appraisal, please assume the existing zoning is what we'd be able to build there (15 units/acre). Their zoning allows for a 35% density bonus for affordable housing. (The summary attached to the LOI contemplates a 3-4 story building with 100-165 units; that would require rezoning and we do not know if this would be approved.)

Info about the status of getting city approval to build the multi-family units
We have not approached the city with our plans yet.

Is this a non-profit or for-profit development, and info about that, and special funding/financing, if any
Bethesda Cornerstone Village will be the development entity. BCV is a wholly-owned subsidiary of Bethesda Lutheran Communities, a 501c3.

Have costs of demolition of the existing improvements been estimated, if so, info about it
We have not determined the demo cost.

Thanks,

Kristine Giornalista
Senior Director of Real Estate Development
Bethesda
600 Hoffmann Dr., Watertown, WI 53094
608.361.8014 cell
BethesdaLC.org

04/01/20 01:53 PM Message from Appraiser (Roger Hodge)
Hello!
I got the contract for this appraisal Monday, and drove to the site Monday afternoon and inspected and photographed it. Yesterday, Tuesday, I requested materials from the borrower to complete the appraisal. Emails are included in messages. I haven't received any materials from the borrower as of yet, but anticipate to receive them soon. If a purchase contract is available also, please send to me ASAP. This being said, I assume the information requested will be supplied in a timely manner. This would make the delivery for Monday April 6 on schedule. I will keep you posted!
Thanks!
Roger

04/01/20 01:48 PM Message from Appraiser (Roger Hodge)
You replied on Tue 3/31/2020 2:01 PM
CT
Campbell, Tom <Tom.Campbell@bethesdalc.org>
Tue 3/31/2020 1:55 PM
?
?
Message received from Tom Campbell, borrower yesterday:
?
Roger Hodge; Giornalista, Kristine?

Hello Roger.

My colleague Kristine will contact you regarding your email below.

Thanks.

Tom

04/01/20 01:46 PM Message from Appraiser (Roger Hodge)
Messages sent to Borrower Tom Campbell yesterday via email:

First Email:

Hello!

This is Roger M. Hodge, MAI. I have been assigned to do an appraisal of the above property, i.e. as if vacant land; I received a contract yesterday. The client mentioned the property is proposed for multi-family development.

I haven't received any materials regarding the property as of yet. I did drive to the site yesterday and photographed it extensively. The following items are requested to do the appraisal:

1. Purchase sale agreement for the site (showing price, buyer, seller, and the like)
2. Site plan showing the current building layout and building sizes
3. Info about the proposed development...such as how many units, types of units, schedule and the like. Also, are they for-rent units or condos or? And schematic plans for the development, development costs, and development pro forma are requested, if available.
4. Info about the status of getting city approval to build the multi-family units
5. Is this a non-profit or for-profit development, and info about that, and special funding/financing, if any
6. Have costs of demolition of the existing improvements been estimated, if so, info about it

Please send info via email ASAP. I have a short turnaround for this appraisal...its due next Monday.

I thank you very much!

Roger M. Hodge, MAI
972-201-6191

Second Email:
RE: Elk Grove

Also, a site plan or survey showing the site, any easements, etc. is requested if available. If an environmental report has been done that is requested as well.

Thanks!

04/01/20 09:56 AM Message from Client (Natasha Valvo)
Roger M. Hodge, MAI
Please confirm that you are on track to send this report on 4/6.

Thanks!

03/31/20 01:20 PM Inspection Complete by Appraiser (Roger Hodge)
Notes: Inspected on 03/30/2020 2:30 PM
Entire site photographed and inspected. Buildings which are not being appraised were photographed, for information purposes.

03/31/20 09:31 AM Message from Client (Natasha Valvo)
From: Natasha Woods
Sent: Tuesday, March 31, 2020 9:04 AM
To: Roger Hodge <roger_hodge@live.com>
Subject: RE: QUOTE PLEASE RUSH COMMERCIAL APPRAISAL 9270 Bruceville Rd, Elk Grove, CA 95758

Hi Roger

I received the below information from the client:

The plan is to demo all structures on the site and redevelop the site into multifamily housing.

So I believe we will need an appraisal for As is and vacant land if that makes sense.

Thanks

03/30/20 10:43 AM Message from Appraiser (Roger Hodge)
Per the bid request, the property is being appraised as is, but as if vacant land...land valued but no building improvements. Please verify.

03/30/20 10:33 AM Order accepted by Appraiser (Roger Hodge) and In Progress

03/30/20 09:50 AM Message from Client (Natasha Valvo)

Hi Roger

I just sent you this order through the mercury network. Please accept it today so that it doesnt expire.

Thanks

From: Roger Hodge <roger_hodge@live.com>

Sent: Friday, March 13, 2020 2:28 PM

To: Natasha Woods <nvalvo@service1inc.com>; Roger Hodge <roger_hodge@live.com>

Subject: RE: QUOTE PLEASE RUSH COMMERCIAL APPRAISAL 9270 Bruceville Rd, Elk Grove, CA 95758

[External Email] This message originated from outside your organization

Hello!

Since I have downtime starting today, I have an even better bid: Fee \$1,550, 1 week turnaround. Hopefully it would be assigned soon, like today!

Thanks

Rogwr M. Hodge, MAI

03/30/20 09:49 AM Awaiting acceptance by Roger Hodge
Notes: Opportunity expires at 03/31/2020 05:49 PM Pacific time.

Client Information

Name	appraisal desk	Phone	412-200-2550
Company	Service 1st LLC	Fax	
Address	1000 Cliff Mine Rd Suite 300 Pittsburgh, PA 15275	E-mail	notifications@service1inc.com

Vendor Information			
Name	Roger Hodge	Phone	972-201-6191
Company	Roger M. Hodge, MAI	Fax	
Address	2370 Market St #200 San Francisco, CA 94114	E-mail	roger_hodge@live.com
Assignment Information			
Product	Commercial Appraisal Report		
Order Fee	\$2,600	Payment Method	Net 30
Trans Fee	\$0.00	Loan #	11111
Due Date	4/16/2020	File #	
Other Ref #		FHA#	
Internal Order #		Sales Price	
Loan Type		Lender Name	Bethesda Lutheran Communities
Loan Purpose		Lender Address	600 Hoffman Dr Watertown, WI 53094
Ordered By		Value conditions	As is
Value method	Sales comparison		
Types of value	Market		
Vendor Fee Notes	Per Bid		
Note: The total fee above represents the full fee for the order (as agreed). Fee notes at the time of the order are provided for reference only.			
Property Information			
Address	9270 Bruceville Rd	Prop Type	
City	Elk Grove	Prop Rights	
State	CA	Legal Desc	
Zip Code	95758	Directions	
Sq Ft		Characteristics	
Site Size			
Contact and Access Information			
Borrower:	tom.campbell@bethesdal.org	Home: 414-828-6697	Mobile: 414-828-6697
Co-Borrower:			
Owner:	pastor@lightofthevalley.net	Mobile: 916-691-3568	
Occupant:			
Agent:			
Other:			
Appt. Contact:	pastor@lightofthevalley.net	Mobile: 916-691-3568	
Additional Comments or Instructions to the Vendor			
<p>If you have any questions regarding this assignment please email our chief valuation office Mark Cassidy M Cassidy@service1inc.com The client will not accept any statement of financial limit on appraiser liability added to the appraisal. NOTE: IF YOU HAVE PERFORMED VALUATION SERVICES FOR THE SUBJECT PROPERTY WITHIN THE LAST 3 YEARS THAT WAS NOT FOR THE CLIENT IN THIS ASSIGNMENT PLEASE CONTACT SERVICE 1st BEFORE STARTING ON THE ASSIGNMENT. Appraisers must have access to and use CoStar data in the preparation of the appraisal. The appraiser is not limited to CoStar data only. If the appraiser finds alternate data they feel is more appropriate for the assignment they may substitute, but they need to have checked the CoStar data base completely to insure they are considering all available data for an assignment. PLEASE ADD THE CLIENT ORDER NUMBER TO THE APPRAISAL IN A PROMINENT LOCATION WHERE IT CAN BE EASILY IDENTIFIED BY THE READER. Per client request please provide a copy of the data/listing sheet for all comparable sales utilized in the appraisal **Please do not place additional contingencies on the appraisal without prior consent from Service 1st. **The client requests that recent comparable sales be utilized in the appraisal to reflect current market conditions. EXTERIOR INSPECTIONS √ If the client has requested an exterior inspection, please do not contact the subject property owner or occupant as this is a client confidentiality request. Do not trespass on the subject property and do not disclose the client provided information or the client's identity. **Please include the estimated value in the letter of transmittal. The client has provided descriptive information about the subject property that was obtained from past valuations. If your research indicates a significant deviation from the client provided data, please provide your data source for that information, or support for your differing interpretation of the physical description or use of the subject property. It is requested that the appraiser provide the current as-is market value of the property and comment on any listing information of the subject within the past year in addition to the sale's history within the past 3 years. If the appraiser has ever appraised the subject property it must be noted in the appraisal report. The appraisal must include an adjustment grid, pictures of the comparable sale properties as well as a location map. The comparable sales should bracket the estimated value of the subject on both an unadjusted and adjusted basis. This is a commercial asset and the appraisal must include an Income Approach with an analysis of the anticipated income stream. Using only the GRM Method is not acceptable; the appraisal must include the Direct Capitalization Method. The appraisal must include pictures of the comparable rental properties as well as a location map. reports include an adjustment grid for the comparables used in the Sales Comparison Approach. PLEASE PROVIDE NEW, ORIGINAL, CLEAR PHOTOS OF THE FRONT, ALL SIDES, STREET AND ADDRESS VERIFICATION FOR THE SUBJECT PROPERTY. IF AN INTERIOR INSPECTION IS REQUESTED, PLEASE PROVIDE A MINIMUM OF 6 INTERIOR PHOTOS. **A LOCATION MAP SHOWING THE SUBJECT AND ALL COMPS SHOULD ALSO BE INCLUDED. ***COMP PHOTOS MUST BE ORIGINALS (YOU CANNOT USE MLS)*** Please provide information on the microeconomic influences and trends that affect the subject property. These influences can include nearby competitive properties and developments, REO activity, nearby employment centers, traffic flows and other influences that directly influence the subject property. Provide a summary on the current trends and anticipated near term trends for these microeconomic influences. Please provide information on the macroeconomic influences and trends affecting the subject property. These can include area employment trends, population trends, major road improvements and highway extensions, regional transportation trends including airports and railway hubs. Provide a summary on the current trends and anticipated near term trends for these macroeconomic influences. Do not apply lease up charges if the subject building appears fully occupied. Please make the extraordinary assumption that the tenant will remain in place for an existing lease term or the owner/occupant will remain in the subject building. EXTERIOR INSPECTIONS - The client has provided descriptive information about the subject property that was obtained from past valuations. PLEASE MAKE THE EXTRAORDINARY ASSUMPTION THE CLIENT PROVIDED GLA AND INTERIOR INFORMATION IS CORRECT FOR EXTERIOR INSPECTIONS. If your research indicates a significant deviation from the client provided data, please provide your data source for that information, or support for your differing interpretation of the physical description or use of the subject property. INTERIOR INSPECTIONS √ PLEASE MEASURE THE SUBJECT BUILDING AND USE THAT INFORMATION IN YOUR APPRAISAL REPORT. In accepting this order for an appraisal and submitting the requested appraisal, you, as the appraiser, certify that you: (1) are independent of the transaction; (2) have the requisite education, expertise, and experience necessary to competently complete the appraisal assignment; and (3) were not coerced in any way concerning the appraisal that you have submitted. Service 1st operates in 50 states and the District of Columbia. AL #AL0185, AK, AR #AMR-199, AZ #RAMC-40298, CA #3004699, CO #200001092, CT #AMC.0000217, DE #X7-0000131, FL #MC328, GA #257, HI AMC-1210, IA #92, ID AMC-4553, IL #558.000262, IN #AMC1700006, KS #KSP172, KY #176, LA #0229, MA #42, MD #32980, ME #AMC3854, MI #1202000193, MN #40548039, MO #2017019913, MS #AMC-133, MT #REA-AMC-LIC9341, NC #NC-1211, ND AMC-ND-2018-027, NE NE2017007, NH #AMC-161, NJ, NM #AMC1198, NV #AMC.0000912, NY, OH #AMC.2019001807, OK #60197AMC, OR #AM-209, PA #AMC000200, RI #REA.0021-AMC, SC #20, SD #AMC-SD-1148-2017, TN #232, TX #2000244, UT</p>			

#10504022-AMCO, VA #4009000174, VT #077.0131803.MAIN, WA #3000227, Washington D.C., WI #8-900, WV #WV010121, WY AMC-116
Site will be demolished and redeveloped. Please appraise "As is" and as vacant land. Contact Tom Campbell at (414) 828-6697 with questions.

ADDENDUM F
QUALIFICATIONS

**QUALIFICATIONS OF
ROGER McDONALD HODGE, CRE, MAI**



REAL ESTATE VALUATION & ADVISORY SERVICES

Master of Business Administration, CRE – The Counselors of Real Estate, FRICS - (Inactive Fellow of Royal Institution of Chartered Surveyors), MAI – Member of Appraisal Institute, Certified General Appraiser in California.

PROFESSIONAL LICENSES AND AFFILIATIONS

- R.E. Counseling:* CRE – Member of The Counselors of Real Estate #12281 ^{Q&A}
- Valuation:* FRICS (Inactive*) – Fellow of the Royal Institution of Chartered Surveyors #1225483
MAI - Member of Appraisal Institute #10017 (MAI since 1993)
State Certified General Real Estate Appraiser in CA and TX
California #AG021679 (expires June 12, 2021)
Texas #TX-1322520-G (expires May 31, 2021)
- Real Estate:* CCIM (Inactive*) Former Certified Commercial Investment Member #8347
Institute Affiliate - San Francisco Association of Realtors - #060400960
Former Real Estate Broker - California #01195086 (expired July 2012*)
- Architecture:* Former AIA - American Institute of Architects - #30046753 (inactive*)
NCARB: National Council of Architectural Registration Boards #29829
Inactive California Licensed Architect - #20841 (expired May 31, 2013*)

Note: * Inactive professional affiliations are available as needed upon payment of current dues.

UNIVERSITY EDUCATION

- Master of Business Administration
Finance and Real Estate concentration
University of North Texas, 1989 - AACSB accredited
- Bachelor of Science – Finance
University State of New York, 1988
- Bachelor of Science - Architecture
University of Texas, Arlington, 1974

PROFESSIONAL EXPERIENCE (35 YEARS)

Roger McDonald Hodge, CRE, MAI **Principal Appraiser / Consultant**
Northern California/SF Bay Area *11/2009-Current*

Real estate appraisal of multiple property types, appraisal review, consulting, site/highest and best use studies, developmental feasibility, expert witness, and in-depth analysis. Services offered also include development and redevelopment consulting, and expert witness.

Advisory/Valuation - CB Richard Ellis, Inc. **Vice President / Consultant**
Northern California/SF Bay Area *3/1999-10/2009*

Real estate counseling, appraisal, consulting, market study, site/highest and best use studies, developmental feasibility, expert witness, and analysis; numerous complex development projects, high-rise and mid-rise office towers, retail centers, condominiums, hotels, apartments, San Francisco Union Square high-end retail, and specialty properties. Also, CBRE's International Valuation Team and National Litigation Support Practice. Notable assignments include The Towers at Capitol Mall – a twin 53-story hotel /residential condo/health spa/retail complex in downtown Sacramento (unbuilt due to weakened economy); 'The 88' –a 22-story luxury condo tower in downtown San Jose; redevelopment strategy for the Wyse Technology Campus; The

Epic – a proposed condo tower for Sacramento by architect Daniel Liebeskind; expert witness testimony and ground lease valuation in Santa Clara; Lockheed Martin complex and litigation support (28 properties and communications facilities) in Sunnyvale; Cathedral Hill/Sutter Health hospital redevelopment in San Francisco; the Town Center mixed-use redevelopments for the Cities of Sunnyvale, Redwood City, and Livermore; The Versailles senior housing development in San Mateo; the 1,254-unit Golden Gateway high-rise towers in SF; multiple condo projects for San Francisco, San Jose and the Bay Area; medical arts including oncology and endoscopy; and the entire Town of Scotia including an electrical cogeneration plant in Humboldt County. Other land development projects include the proposed 6,400-acre mixed-use redevelopment of the Aerojet property in Sacramento known as The Boroughs of Easton, plus the 5,700-acre Aerojet Campus and SuperFund lands; the 900-acre Baylands mixed-use redevelopment land in Brisbane adjacent to Candlestick Park in San Francisco; counseling for the Concar urban transit mixed-use residential center in San Mateo; and land for the proposed Condemned Inmate Complex, and alternative land use and redevelopment scenarios for the Cal. Dept. of Corrections' San Quentin prison. Also, expert witness preparation, deposition, historical valuation, real estate portfolios; and training for junior colleagues, and report review. Also, donated time as an on-site panelist for studies for The University of Texas' San Antonio and El Paso campuses.

CB Richard Ellis, Inc.

Assistant Vice President

San Francisco CA and Seattle, WA

9/1993 - 2/1999

High Profile Assignments including counseling, consultation and valuation of the entire Microsoft Campus in Redmond, WA consisting of 33 buildings plus land parcels, including a model for internal buy-hold-lease scenarios; the Sprint portfolio of N. California cell tower, ground leases, and communications facilities (500+ sites). Advisory/Valuation of the 749-acre Playa Vista mixed use development in El Segundo (i.e. the old Howard Hughes estate) with the City of Los Angeles and The Meyers Group several times; this complex included Dreamworks and huge planned development. Extensive real estate experience includes numerous high-rise office buildings in SF Bay Area and other cities, numerous urban ground leases, SF Union Square high-end retail (Saks, Macy's, Niketown, Magnin, Bulgari, Brooks, et al), suburban office buildings, power and shopping centers, industrial and business parks, and multi-family apartments and condos. Also, numerous mixed-use properties, hotels in the SF Bay Area and the large DoubleTree at SeaTac, WA; congregate care facilities, subdivisions, new developments, numerous ground leases, arbitration, legal consulting, education and training for junior colleagues, report review.

Alliance Advisory Group, Inc.

Senior Real Estate Analyst

Dallas, TX, Boston, MA and Southern California

1/1990 - 8/1993

Extensive valuation experience of: office, shopping center, industrial, multi-family, mixed-use properties, subdivision, land, feasibility and development analysis, building and site design and planning, highest and best use, corporate facilities, residential development, investment studies.

Architectural/Engineering Firms

Architecture/Facilities

Dallas-Fort Worth, Texas

1974 – 1987

Architectural practice and training for 12+ years: LTV Corporation plant facilities, U.S. Corps of Engineers – SW U.S. Army Engineer District, L.D. White Architects/ Engineers (building systems and design), Lockwood Greene Engineers, Barge Development Company (specializing in high-rise office and senior residential facilities), and Texas Instruments – Plant Facilities; also the U.S. General Services Administration – Public Building Service work/study program, and over-the-counter retail sales during college. Specialized in office, retail, facilities, large church, luxury residences; also, engineering coordination, project management, planning, construction documents and inspection, contract administration, cost estimation; and leasing assistance.

CONTACT INFORMATION

Address: Roger M. Hodge, CRE, MAI
2370 Market Street #200
San Francisco, CA 94114

Cell Phone No.: JĪ GĒF-Ĥ FJF

Primary E-Mail: roger_hodge@live.com



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Roger M. Hodge

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 021679

Effective Date: June 13, 2019
 Date Expires: June 12, 2021

Jim Martin
 Jim Martin, Bureau Chief, BREA

3047707



First American Title

First American Title Company

9381 East Stockton Blvd, Suite 122
Elk Grove, CA 95624

Escrow Officer: Ginger Briggs
Phone: (916)691-6820
Fax No.: (866)343-4566
E-Mail: gbriggs@firstam.com

Title Officer: Ginger Briggs
Phone: (916)691-6820
Fax No.: (866)343-4566
E-Mail: gbriggs@firstam.com

E-Mail Loan Documents to: Lenders please contact the Escrow Officer for email address for sending loan documents.

Buyer: Bethesda Cornerstone Village, LLC
Owner: Light of the Valley Church
Property: 9270 Bruceville Road
Elk Grove, CA 95758

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 20, 2020 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

LIGHT OF THE VALLEY, A CALIFORNIA NON-PROFIT CORPORATION

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2020-2021, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. Any unpaid amounts for delinquent utilities owed to, or resultant liens in favor of, the County of Sacramento and/or any incorporated Cities within the County of Sacramento.

Contact the City of Elk Grove at (916) 478-3642, the City of Folsom at (916) 355-7200, the City of Galt at (209) 366-7150, or the City of Sacramento at (916) 264-5454 for information on amounts due to those cities for properties within those locations. Contact the County of Sacramento at (916) 875-5555 for information on amounts due to any other incorporated cities, and also for information on amounts due to the County.

4. An easement for **ELECTRICAL FACILITIES** and incidental purposes, recorded January 20, 1988 as BOOK 880120, PAGE 866 of Official Records.
In Favor of: SACRAMENTO MUNICIPAL UTILITY DISTRICT
Affects: AS DESCRIBED THEREIN

5. An unrecorded lease dated April 27, 2001, executed by LAGUNA BAPTIST CHURCH, A CALIFORNIA NON-PROFIT CORPORATION as lessor and AT AND T WIRELESS SERVICES OF CALIFORNIA, A DELAWARE CORPORATION as lessee, as disclosed by a MEMORANDUM OF LEASE recorded June 07, 2001 as BOOK 20010607, PAGE 1287 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

6. An unrecorded lease dated December 28, 2001, executed by LAGUNA CREEK COMMUNITY CHURCH, A CALIFORNIA NON-PROFIT CORPORATION as lessor and SACRAMENTO-VALLEY LIMITED PARTNERSHIP DBA VERIZON WIRELESS as lessee, as disclosed by a MEMORANDUM OF LEASE recorded February 01, 2002 as BOOK 20020201, PAGE 1660 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

7. An easement for WATER PIPELINE and incidental purposes, recorded December 01, 2005 as BOOK 20051201, PAGE 0307 of Official Records.

In Favor of: SACRAMENTO COUNTY WATER AGENCY

Affects: AS DESCRIBED THEREIN

8. An easement for LANDSCAPE PLANTINGS, AUTOMATIC IRRIGATION SYSTEM AND BARRIERS and incidental purposes, recorded October 25, 2006 as BOOK 20061025, PAGE 0642 of Official Records.

In Favor of: ELK GROVE COMMUNITY SERVICES DISTRICT, A POLITICAL
SUBDIVISION OF THE STATE OF CALIFORNIA

Affects: AS DESCRIBED THEREIN

9. A deed of trust to secure an original indebtedness of \$662,032.00 recorded May 14, 2007 as BOOK 20070514, PAGE 1378 OF OFFICIAL RECORDS.

Dated: May 01, 2007

Trustor: LIGHT OF THE VALLEY, A CALIFORNIA NON-PROFIT
CORPORATION

Trustee: FIRST AMERICAN TITLE INSURANCE COMPANY, A
CALIFORNIA CORPORATION

Beneficiary: CALIFORNIA-NEVADA-HAWAII DISTRICT CHURCH
EXTENSION FUND, A CALIFORNIA NON-PROFIT
CORPORATION

The terms and provisions contained in the document entitled "NON-DISTURBANCE AGREEMENT" recorded June 13, 2013 as BOOK 20130613, PAGE 1077 OF OFFICIAL RECORDS.

According to the public records, the beneficial interest under the deed of trust was assigned to LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD by assignment recorded January 11, 2016 as BOOK 20160111, PAGE 0242 of Official Records.

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, the company will require the following for review prior to the recordation of any documents or the issuance of any policy of title insurance:
- i. Original note and deed of trust.
 - ii. Payoff demand statement signed by all present beneficiaries.

- iii. Request for reconveyance or substitution of trustee and full reconveyance must be signed by all present beneficiaries and must be notarized by a First American approved notary.
 - b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.
 - c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
10. An unrecorded lease dated **March 15, 2013**, executed by LIGHT OF THE VALLEY, A CALIFORNIA NON-PROFIT CORPORATION as lessor and **VALENTINE CAPITAL, LLC, A DELAWARE LIMITED LIABILITY COMPANY** as lessee, as disclosed by a **MEMORANDUM OF PURCHASE AND SALE OF LEASE AND SUCCESSOR LEASE** recorded June 13, 2013 as BOOK 20130613, PAGE 1073 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

11. An unrecorded lease dated **March 15, 2013**, executed by LIGHT OF THE VALLEY, A CALIFORNIA NON-PROFIT CORPORATION as lessor and **VALENTINE CAPITAL, LLC, A DELAWARE LIMITED LIABILITY COMPANY** as lessee, as disclosed by a **MEMORANDUM OF PURCHASE AND SALE OF LEASE AND SUCCESSOR LEASE** recorded June 13, 2013 as BOOK 20130613, PAGE 1075 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

12. A deed of trust to secure an **original indebtedness of \$1,920,469.44** recorded **October 02, 2017** as BOOK 20171002, PAGE 1083 OF OFFICIAL RECORDS.

Dated: August 22, 2017
Trustor: LIGHT OF THE VALLEY LUTHERAN CHURCH A/K/A LIGHT OF THE VALLEY, A CALIFORNIA CORPORATION
Trustee: LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD
Beneficiary: **LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD, A MISSOURI NONPROFIT CORPORATION**

The above deed of trust states that it secures an equity line/revolving line of credit.

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, the company will require the following for review prior to the recordation of any documents or the issuance of any policy of title insurance:
 - i. Original note and deed of trust.
 - ii. Payoff demand statement signed by all present beneficiaries.
 - iii. Request for reconveyance or substitution of trustee and full reconveyance must be signed by all present beneficiaries and must be notarized by a First American approved notary.
- b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.

- c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.

A document entitled "ASSIGNMENT OF LEASES AND RENTS" recorded October 02, 2017 as BOOK 20171002, PAGE 1084 OF OFFICIAL RECORDS, as additional security for the payment of the indebtedness secured by the deed of trust.

The terms and provisions contained in the document entitled "SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT" recorded October 02, 2017 as BOOK 20171002, PAGE 1085 OF OFFICIAL RECORDS.

- 13. A financing statement recorded October 02, 2017 as BOOK 20171002, PAGE 1086 OF OFFICIAL RECORDS.

Debtor: LIGHT OF THE VALLEY LUTHERAN CHURCH A/K/A LIGHT OF THE VALLEY
Secured party: LUTHERAN CHURCH EXTENSION FUND MISSOURI SYNOD

- 14. Rights of the public in and to that portion of the Land lying within any Road, Street, Alley or Highway.
- 15. Water rights, claims or title to water, whether or not shown by the Public Records.
- 16. The new lender, **if any**, for this transaction may be a Non-Institutional Lender. If so, the Company will require the Deed of Trust to be signed before a First American approved notary.
- 17. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

- 18. With respect to LIGHT OF THE VALLEY, a corporation:
 - a. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
 - b. A certified copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
 - c. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2019-2020.

First Installment:	\$548.05, PAID
Penalty:	\$0.00
Second Installment:	\$548.05, PAID
Penalty:	\$0.00
Tax Rate Area:	07-051
A. P. No.:	116-0061-011

2. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) COMMERCIAL STRUCTURE known as 9270 Bruceville Road, Elk Grove, California.
3. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

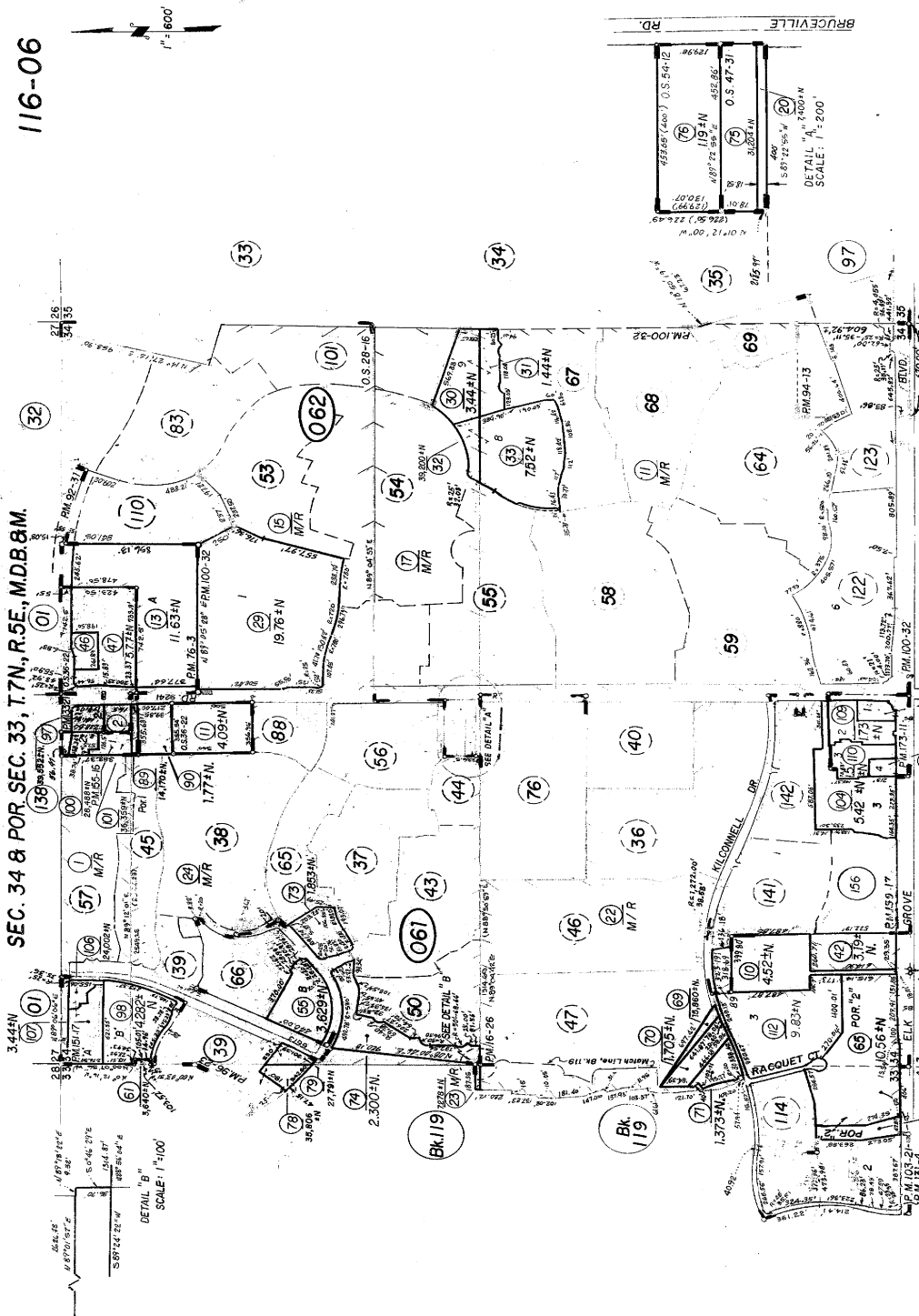
Real property in the City of Elk Grove, County of Sacramento, State of California, described as follows:

ALL THAT PORTION OF THE NORTHWEST ONE-QUARTER OF SECTION 34, TOWNSHIP 7 NORTH, RANGE 5 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN A DECREE QUIETING TITLE ENTERED BY SUPERIOR COURT FOR SACRAMENTO COUNTY IN SUIT NO. 85570, ENTITLED THEODORE EHNISZ ET AL, VS. FRED C. DICKSON, ET AL, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 26, 1951 IN BOOK 2012 PAGE 208, OFFICIAL RECORDS; FROM WHICH A 1 1/4 INCH IRON PIPE MARKING THE NORTHWEST CORNER OF SAID SECTION 34 BEARS NORTH 01 DEGREES 28'16" WEST 256.85 FEET, SOUTH 89 DEGREES 12'01" WEST 2549.25 FEET AND NORTH 00 DEGREES 07'56" WEST 446.30 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG SAID EAST LINE SOUTH 01 DEGREES 28'16" EAST 500.00 FEET; THENCE SOUTH 88 DEGREES 41'32" WEST 356.96 FEET; THENCE NORTH 00 DEGREES 43'30" WEST 500.00 FEET; THENCE NORTH 88 DEGREES 41'32" EAST 355.54 FEET TO THE POINT OF BEGINNING.

APN: 116-0061-011

116-06



SEC. 34 & POR. SEC. 33, T.7N, R.5E, M.D.B.8M.

Bk.132

Record of Survey, O.S. Bk. 54, Pg. 12 (6-29-95) 22x1
 Record of Survey, O.S. Bk. 47, Pg. 31 (3-27-90) 22x1
 O.S. Bk. 36, Pg. 22 (5-26-81)
 O.S. Bk. 28, Pg. 16 (11-13-70)

Por. Fox Meadows Unit 2, R.M. Bk. 293, Pg. 10 (4-11-2001)

Bk.119

NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
- This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
 5. Failure to pay value for Your Title.
 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:
For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



Privacy Notice

Effective: January 1, 2020

Notice Last Updated: January 1, 2020

This Privacy Notice describes how First American Financial Corporation and its subsidiaries and affiliates (together referred to as "First American," "we," "us," or "our") collect, use, store, and share your information. This Privacy Notice applies to information we receive from you offline only, as well as from third parties. For more information about our privacy practices, please visit <https://www.firstam.com/privacy-policy/index.html>. The practices described in this Privacy Notice are subject to applicable laws in the places in which we operate.

What Type Of Information Do We Collect About You? We collect both **personal** and **non-personal information** about and from you. **Personal information** is non-public information that can be used to directly or indirectly identify or contact you. **Non-personal information** is any other type of information.

How Do We Collect Your Information? We collect your **personal** and **non-personal information**: (1) directly from you; (2) automatically when you interact with us; and (3) from third parties, including business parties and affiliates.

How Do We Use Your Information? We may use your personal information in a variety of ways, including but not limited to providing the services you have requested, fulfilling your transactions, comply with relevant laws and our policies, and handling a claim. We may use your **non-personal information** for any purpose.

How Do We Share Your Personal Information? We do not sell your **personal information** to nonaffiliated third parties. We will only share your **personal information**, including to subsidiaries, affiliates, and to unaffiliated third parties: (1) with your consent; (2) in a business transfer; (3) to service providers; and (4) for legal process and protection. If you have any questions about how First American shares your **personal information**, you may contact us at dataprivacy@firstam.com or toll free at 1-866-718-0097.

How Do We Secure Your Personal Information? The security of your **personal information** is important to us. That is why we take commercially reasonable steps to make sure your **personal information** is protected. We use our best efforts to maintain commercially reasonable technical, organizational, and physical safeguards, consistent with applicable law, to protect your **personal information**.

How Long Do We Keep Your Personal Information? We keep your **personal information** for as long as necessary in accordance with the purpose for which it was collected, our business needs, and our legal and regulatory obligations.

Your Choices We provide you the ability to exercise certain controls and choices regarding our collection, use, storage, and sharing of your **personal information**. In accordance with applicable law, your controls and choices. You can learn more about your choices, and exercise these controls and choices, by sending an email to dataprivacy@firstam.com or toll free at 1-866-718-0097.

International Jurisdictions: Our Products are hosted and offered in the United States of America (US), and are subject to US federal, state, and local law. If you are accessing the Products from another country, please be advised that you may be transferring your **personal information** to us in the US, and you consent to that transfer and use of your **personal information** in accordance with this Privacy Notice. You also agree to abide by the applicable laws of applicable US federal, state, and local laws concerning your use of the Products, and your agreements with us.

We may change this Privacy Notice from time to time. Any and all changes to this Privacy Notice will be reflected on this page, and where appropriate provided in person or by another electronic method. **YOUR CONTINUED USE, ACCESS, OR INTERACTION WITH OUR PRODUCTS OR YOUR CONTINUED COMMUNICATIONS WITH US AFTER THIS NOTICE HAS BEEN PROVIDED TO YOU WILL REPRESENT THAT YOU HAVE READ AND UNDERSTOOD THIS PRIVACY NOTICE.**

Contact Us dataprivacy@firstam.com or toll free at 1-866-718-0097.



For California Residents

If you are a California resident, you may have certain rights under California law, including but not limited to the California Consumer Privacy Act of 2018 ("CCPA"). All phrases used in this section shall have the same meaning as those phrases are used under California law, including the CCPA.

Right to Know. You have a right to request that we disclose the following information to you: (1) the categories of **personal information** we have collected about or from you; (2) the categories of sources from which the **personal information** was collected; (3) the business or commercial purpose for such collection and/or disclosure of your personal information; (4) the categories of third parties with whom we have shared your **personal information**; and (5) the specific pieces of your **personal information** we have collected. To submit a verified request for this information, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097 and submitting written proof of such authorization to dataprivacy@firstam.com.

Right of Deletion. You also have a right to request that we delete the **personal information** we have collected from you. This right is subject to certain exceptions available under the CCPA and other applicable law. To submit a verified request for deletion, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097 and submitting written proof of such authorization to dataprivacy@firstam.com.

Verification Process. For either a request to know or delete, we will verify your identity before responding to your request. To verify your identity, we will generally match the identifying information provided in your request with the information we have on file about you. Depending on the sensitivity of the personal information requested, we may also utilize more stringent verification methods to verify your identity, including but not limited to requesting additional information from you and/or requiring you to sign a declaration under penalty of perjury.

Right to Opt-Out. We do not sell your personal information to third parties, and do not plan to do so in the future.

Right of Non-Discrimination. You have a right to exercise your rights under California law, including under the CCPA, without suffering discrimination. Accordingly, First American will not discriminate against you in any way if you choose to exercise your rights under the CCPA.

Collection Notice. The following is a list of the categories of personal information we may have collected about California residents in the twelve months preceding the date this Privacy Notice was last updated, including the business or commercial purpose for said collection, the categories of sources from which we may have collected the personal information, and the categories of third parties with whom we may have shared the personal information:

Categories of Personal Information Collected	The categories of personal information we have collected include, but may not be limited to: real name; signature; alias; SSN; physical characteristics or description, including protected characteristics under federal or state law; address; telephone number; passport number; driver's license number; state identification card number; IP address; policy number; file number; employment history; bank account number; credit card number; debit card number; financial account numbers; commercial information; internet or other electronic network activity; geolocation data; audio and visual information; professional or employment information; and inferences drawn from the above categories to create a profile about a consumer.
Categories of Sources	Categories of sources from which we've collected personal information include, but may not be limited to: the consumer directly; public records; governmental entities; non-affiliated third parties; social media networks; affiliated third parties
Business Purpose for Collection	The business purposes for which we've collected personal information include, but may not be limited to: completing a transaction for our Products; verifying eligibility for employment; facilitating employment; performing services on behalf of affiliated and non-affiliated third parties; debugging to identify and repair errors that impair existing intended functionality on our Websites, Applications, or Products; protecting against malicious, deceptive, fraudulent, or illegal activity



Categories of Third Parties Shared	The categories of third parties with whom we've shared personal information include, but may not be limited to: advertising networks; internet service providers; data analytics providers; service providers; government entities; operating systems and platforms; social media networks; non-affiliated third parties; affiliated third parties
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Categories of Personal Information We Have Sold In The Past Year. We have not sold any personal information of California residents to any third party in the twelve months preceding the date this Privacy Notice was last updated.

Categories of Personal Information Disclosed For A Business Purpose In The Past Year. The following is a list of the categories of **personal information** of California residents we may have disclosed for a business purpose in the 12 months preceding the date this Privacy Notice was last updated: The categories of personal information we have collected include, but may not be limited to: real name; signature; alias; SSN; physical characteristics or description, including protected characteristics under federal or state law; address; telephone number; passport number; driver's license number; state identification card number; IP address; policy number; file number; employment history; bank account number; credit card number; debit card number; financial account numbers; commercial information; internet or other electronic network activity; geolocation data; audio and visual information; professional or employment information; and inferences drawn from the above categories to create a profile about a consumer.

RENTAL SURVEY

BETHESDA CORNERSTONE

9270 Bruceville Road
Elk Grove, California

WEST ELK GROVE MARKET AREA

SACRAMENTO COUNTY

Prepared for
BETHESDA CORNERSTONE VLLAGE LLC

MAY 2021



LAURIN ASSOCIATES

BACKGROUND

Bethesda Cornerstone LLC, is planning to develop a new affordable complex, located at 9270 Bruceville Road, Elk Grove, CA.

Laurin Associates, a division of Raney Planning and Management, Inc., received authorization from Bethesda Cornerstone LLC to conduct a Rent Survey in Elk Grove, California to determine the prevailing market rents in the West Elk Grove Market Area.

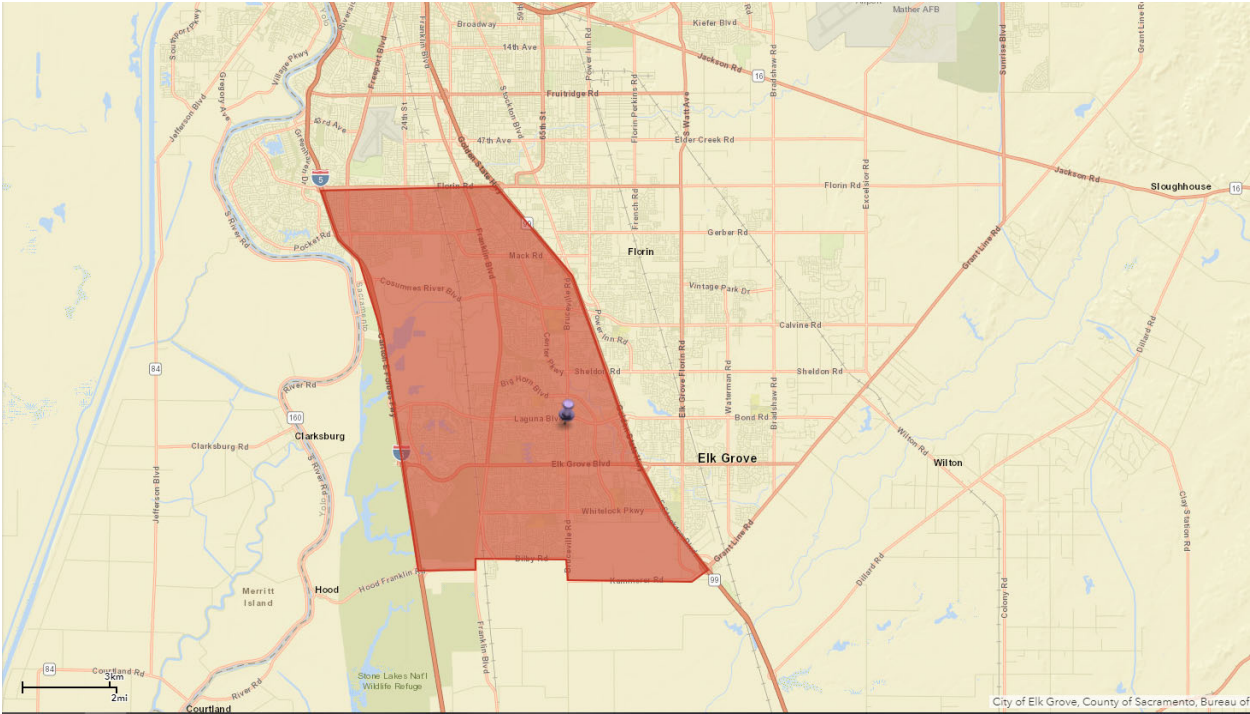
METHODOLOGY

Included in the West West Elk Grove Market Area for this study is the western portion of the City of Elk Grove, and the southwestern portion of the City of Sacramento. This area contains an estimated population of 204,655 and 62,017 households in in 40.71 square miles.

West Elk Grove Market Area boundaries:

- North: Florin Road
- South: Bilby Road
- East: Highway 99
- West: I-5

EXHIBIT 1 - LOCATION OF THE WEST ELK GROVE MARKET AREA



With each complex, a standard questionnaire was used to interview the on-site manager. See Exhibit 5 on page 29 for the interview questionnaire used in the sample survey. In some cases, only certain information was obtained, depending on the cooperation and discretion of the on-site manager.

MARKET AREA RENTS

The survey attempted to ascertain a sample of market rate rentals within the West Elk Grove Market Area. The weighted average rents do not take into account differences in project characteristics (e.g., building age, amenities, appliances, unit size, etc.).

TABLE 1
WEST ELK GROVE MARKET AREA AVERAGE RENTS

UNIT TYPE	CURRENT WEIGHTED AVERAGE RENTS
	MARKET RATE
1BR	\$2,589
2BR	\$2,931
3BR	\$3,298
Source: Laurin Associates, May 2021	

Rents at market rate complexes range from \$1,610 to \$5,040 for one-bedroom units.

TABLE 2
WEST ELK GROVE MARKET AREA MARKET RENTS

UNIT TYPE	CURRENT MARKET RATE RENTS
	RANGE
1BR	\$1,610-\$5,040
2BR	\$1,820-\$4,550
3BR	\$2,234-\$5,105
Source: Laurin Associates, May 2021	

COMPETITIVE OFFERINGS

The multifamily field study was conducted in May 2021. The survey attempted to ascertain a sample of the properties most representative of the West Elk Grove Market Area. A total of 2,444 apartments were surveyed in 13 properties.

TABLE 3
FIELD STUDY SUMMARY –WEST ELK GROVE MARKET AREA

UNIT TYPE	MARKET	AFFORDABLE	PERCENT
Studio	0	0	0
1BR	287	254	541
2BR	645	564	1,209
3BR	286	394	680
4BR	0	14	14
TOTAL	1,218	1,226	2,444

VACANCY

According to the May 2021 survey, the overall vacancy rate for multifamily housing is 1.4 percent in the West Elk Grove Market Area.

TABLE 4
VACANCY RATE –WEST ELK GROVE MARKET AREA – 2021

UNIT TYPE	MARKET	AFFORDABLE	% OF TOTAL
Studio	0	0	0.0%
1BR	11	0	2.0%
2BR	17	0	1.4%
3BR	5	0	0.7%
4BR	0	0	0.0%
TOTAL	33	0	1.4%

RENT COMP. NO. 1 (See Location on Exhibit 5-1) FAMILY – LIHTC/MARKET RATE

NAME	Village Crossing Family Apts.	DATE	May 17, 2021
ADDRESS	9241 Bruceville Road	TOTAL UNITS	198
CITY	Elk Grove, CA	CONDITION	Good
MANAGER	Katy	YEAR BUILT	2001
TELEPHONE	916-683-8076	BLDG. STYLE	2 story

Distance From Site: <0.25 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR—1BA	40	\$1,105	704	\$1.57	0
2BR—2BA	78	\$1,425	1,039	\$1.37	0
3BR—2BA	80	\$1,550	1,182	\$1.31	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa	X	Computer Rm.	X	Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym		Business Cntr	X	TV (C/S)	X
Skylight		Microwave		Picnic Area	X	Car Wash Area		Water	
Storage Closet		Washer/Dryer	X	Playground	X			Sewer	
Coat Closet		W/D Hook-ups	X	Tennis Ct.		Gated		Trash	
Walk-In Closet	X	Parking: Carport, Garage		Basketball	X	Courtesy Patrol			
Fireplace				Volleyball	X	Security Camera			
Patio/Balcony						Elevator			

Remarks: Unknown of how many market rate units at property. Waitlist is about 2 to 4 years long. Turnover is about 4 to 5 units annually.

RENT COMP. NO. 2 (See Location on Exhibit 5-1) FAMILY – MARKET RATE

NAME	Bella Vista Apartments	DATE	May 17, 2021
ADDRESS	6810 Di Lusso Drive	TOTAL UNITS	241
CITY	Elk Grove, CA	CONDITION	Good
MANAGER	Carla	YEAR BUILT	1999
TELEPHONE	916-385-0374	BLDG. STYLE	3 story

Distance From Site: 0.47 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	75	\$1,853-\$5,040	681	\$2.72-\$7.40	2
2BR – 2BA	90	\$2,154-\$4,550	1,067	\$2.02-\$4.26	6
3BR – 2BA	76	\$2,234-\$5,105	1,232	\$1.81-\$4.14	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa	X	Computer Rm.	X	Cooking (E/G)	X
Ceiling Fan	X	Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	X
Storage Closet		Washer/Dryer	X	Playground	X			Sewer	X
Coat Closet	X	W/D Hook-ups		Tennis Ct.		Gated	X	Trash	X
Walk-In Closet	X	Parking: Carport	X	Basketball		Courtesy Patrol	X		
Fireplace				Volleyball		Security Camera	X		
Patio/Balcony	X					Elevator			

Remarks: They do not use a Waitlist. The Turnover is unknown.

RENT COMP. NO. 3 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	Avery Gardens	DATE	May 17, 2021
ADDRESS	7015 Elk Grove Boulevard	TOTAL UNITS	64
CITY	Elk Grove, CA	CONDITION	Very Good
MANAGER	Lori	YEAR BUILT	2015
TELEPHONE	916-236-3470	BLDG. STYLE	3 story

Distance From Site: 0.80 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR—1BA	24	30% of Income	666	NA	0
2BR—1BA	30		906	NA	0
3BR—2BA	10		1,207	NA	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.	X	Heat (G)	X
Carpet		Dishwasher	X	Spa		Computer Rm.		Cooking (E)	X
Ceiling Fan		Garbage Disposal	X	Gym	x	Business Cntr		TV (C/S)	X
Skylight		Microwave		Picnic Area	X	Car Wash Area		Water	
Storage Closet		Washer/Dryer		Playground	X			Sewer	
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated	X	Trash	
Walk-In Closet		Parking: Carport	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: They do use a Waitlist. Turnover reported as ~1 unit per month. Management unavailable.

RENT COMP. NO. 4 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	Terracina Park Meadows	DATE	May 17, 2021
ADDRESS	8875 Lewis Stein Road	TOTAL UNITS	144
CITY	Elk Grove, CA	CONDITION	Very Good
MANAGER	Queeny	YEAR BUILT	2003
TELEPHONE	916-681-7401	BLDG. STYLE	2 story

Distance From Site: 1.15 miles



BR/BA	# UNITS	RENT			SQ. FT.	RENT/SF			VACANT
		50%	60%	MKT		50%	60%	MKT	
1BR—1BA	24	\$810	\$972	--	700	\$1.16	\$1.39	--	0
2BR—2BA	96	\$971	\$1,165	\$1,350	885-1,127	\$1.10	\$1.03	\$1.20	0
3BR—2BA	24	\$1,122	\$1,347	\$1,450	1,135-1,145	\$0.99	\$1.00	\$1.27	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.		On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool		Laundry Rm.	X	Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.		Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym		Business Cntr		TV (C/S)	X
Skylight		Microwave		Picnic Area		Car Wash Area		Water	
Storage Closet	X	Washer/Dryer		Playground				Sewer	
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated		Trash	
Walk-In Closet	X	Parking: Carport		Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: The waitlist is reported as 6 months – 1 year in length. Turnover is reported as ~6-8 years in length. Nonresponsive management.

RENT COMP. NO. 5 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	The Ridge Apartments	DATE	May 17, 2021
ADDRESS	8151 Civic Center Drive	TOTAL UNITS	204
CITY	Elk Grove, CA	CONDITION	Excellent
MANAGER	Murah	YEAR BUILT	2012
TELEPHONE	916-681-7401	BLDG. STYLE	2 story

Distance From Site: 1.20 miles



BR/BA	# UNITS	RENT		SQ. FT.	RENT/SF	VACANT
		50%	60%			
1BR—1BA	60	\$850	\$1,020	678	\$1.25-\$1.50	0
2BR—2BA	84	\$1,020	\$1,224	963	\$1.06-\$1.27	0
3BR—2BA	60	\$1,178	\$1,413	1,239	\$0.95-\$1.14	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.	X	Heat (G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.		Cooking (E)	X
Ceiling Fan		Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave		Picnic Area		Car Wash Area		Water	
Storage Closet		Washer/Dryer		Playground	X			Sewer	
Coat Closet	X	W/D Hook-ups	X	Tennis Ct.		Gated		Trash	
Walk-In Closet	X	Parking: Carport/Garage	x	Basketball		Courtesy Patrol	X		
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X			Elevator					

Remarks: They do not have a Waitlist. Turnover is reported as low. Management was unavailable.

RENT COMP. NO. 6 (See Location on Exhibit 5-1) FAMILY – LIHTC

NAME	Terracina at Elk Grove	DATE	May 17, 2021
ADDRESS	9440 W. Stockton Boulevard	TOTAL UNITS	124
CITY	Elk Grove, CA	CONDITION	Very Good
MANAGER	Britney	YEAR BUILT	1991
TELEPHONE	916-684-9222	BLDG. STYLE	2 story

Distance From Site: 1.45 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR—1BA	26	\$510-\$1,020	598	\$0.85-\$1.71	0
2BR—1BA	72	\$612-\$1,224	729	\$0.84-\$1.68	0
3BR—2BA	62	\$706-\$1,413	986	\$0.72-\$1.43	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.	X	Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.		Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym		Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	
Storage Closet		Washer/Dryer		Playground	X			Sewer	
Coat Closet	X	W/D Hook-ups		Tennis Ct.		Gated		Trash	
Walk-In Closet		Parking: Carport	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony						Elevator			

Remarks: They do use a waitlist, which is currently closed. Turnover is unknown.

RENT COMP. NO. 7 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	Terracina Apartments at Laguna Creek	DATE	May 17, 2021
ADDRESS	9274 Franklin Boulevard	TOTAL UNITS	136
CITY	Elk Grove, CA	CONDITION	Very Good
MANAGER	Marie	YEAR BUILT	1996 (Rehab. 2021)
TELEPHONE	916-684-6885	BLDG. STYLE	2 Story

Distance From Site: 1.63 miles



BR/BA	# UNITS	RENT		SQ. FT.	RENT/SF		VACANT
		50%	60%		50%	60%	
1BR—1BA	44	\$850	\$1,020	608	\$1.40	\$1.68	0
2BR—1BA	48	\$1,020	\$1,224	739	\$1.38	\$1.66	0
3BR—2BA	42	\$1,178	\$1,413	986	\$1.19	\$1.43	0
4BR—1BA	2	\$1,313	--	1,100	\$1.19	--	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.	X	Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.	X	Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym		Business Cntr		TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	
Storage Closet		Washer/Dryer		Playground	X			Sewer	
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated		Trash	
Walk-In Closet	X	Parking: Carport	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: The Waitlist is about a yar long. Turnover reported as 0-1 unit per month.

RENT COMP. NO. 8 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	Montego Falls Apartments	DATE	May 17, 2021
ADDRESS	9950 Bruceville Road	TOTAL UNITS	132
CITY	Elk Grove, CA	CONDITION	Excellent
MANAGER	Melina	YEAR BUILT	2008
TELEPHONE	916-683-3200	BLDG. STYLE	2-3 Story

Distance From Site: 1.73 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	36	\$850-\$1,020	678	\$1.08-\$1.31	0
2BR – 2BA	60	\$1,020-\$1,224	963	\$0.91-\$1.11	0
3BR – 2BA	36	\$1,178-\$1,413	1,231-1,304	\$0.81-\$0.94	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool		Laundry Rm.		Heat (E/G)	X
Carpet		Dishwasher	X	Spa		Computer Rm.	X	Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym		Business Cntr		TV (C/S)	X
Skylight		Microwave		Picnic Area		Car Wash Area		Water	
Storage Closet		Washer/Dryer	X	Playground	X			Sewer	
Coat Closet		W/D Hook-ups	X	Tennis Ct.		Gated		Trash	
Walk-In Closet	X	Parking: Carport, Detached Garage	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: Waitlist is closed. Turnover was 2 units per month.

RENT COMP. NO. 9 (See Location on Exhibit 5-1) FAMILY – MARKET RATE

NAME	Castellino at Laguna West Apartments	DATE	May 17, 2021
ADDRESS	3300 Renwick Avenue	TOTAL UNITS	120
CITY	Elk Grove, CA	CONDITION	Excellent
MANAGER	Marla	YEAR BUILT	2006 (Rehab. 2020)
TELEPHONE	916-683-2943	BLDG. STYLE	2 stories

Distance From Site: 2.60 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	30	\$1,610-\$1,690	729	\$2.17-\$2.21	2
2BR – 2BA	35	\$2,555	919	\$2.78	1
2BR – 2BA	30	\$2,630-\$2,690	1,015	\$2.59-\$2.65	1
3BR – 2BA	25	\$2,730-\$2,760	1,232	\$2.22-\$2.24	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet		Dishwasher	X	Spa	X	Computer Rm.		Cooking (E/G)	X
Ceiling Fan	X	Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	X
Storage Closet	X	Washer/Dryer	X	Playground	X			Sewer	X
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated	X	Trash	X
Walk-In Closet	X	Parking: Carport, Garage	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: They do use a Waitlist. Turnover is one per month.

RENT COMP. NO. 10 (See Location on Exhibit 5-1) FAMILY - LIHTC

NAME	Agave Apartments	DATE	May 17, 2021
ADDRESS	10070 Willard Parkway	TOTAL UNITS	188
CITY	Elk Grove, CA	CONDITION	Good
MANAGER	Kaila	YEAR BUILT	2005 (Rehab. 2021)
TELEPHONE	916-714-2431	BLDG. STYLE	3 story

Distance From Site: 2.74 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
2BR—2BA	96	\$1,028	919	\$1.12	0
3BR—2BA	80	\$1,228	1,078	\$1.14	0
4BR—2BA	12	\$1,185	1,245	\$0.95	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E)	X
Carpet		Dishwasher	X	Spa		Computer Rm.		Cooking (E)	X
Ceiling Fan		Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	
Storage Closet	X	Washer/Dryer	X	Playground				Sewer	
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated		Trash	
Walk-In Closet		Parking: Carport, Garage	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: They do use a Waitlist (they have a first come first serve basis). Turnover is about 3 units per year.

RENT COMP. NO. 11 (See Location on Exhibit 5-1) FAMILY – MARKET RATE

NAME	Siena Villas	DATE	May 17, 2021
ADDRESS	9130 Nolan Street	TOTAL UNITS	332
CITY	Elk Grove, CA	CONDITION	Excellent
MANAGER	Leticia	YEAR BUILT	2005
TELEPHONE	916-691-6600	BLDG. STYLE	3 story

Distance From Site: 2.88 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	61	\$1,735-\$2,655	729	\$2.38-\$3.64	5
2BR – 2BA	103	\$1,820-\$2,000	1,015	\$1.79-\$1.97	2
2BR – 2BA	102	\$2,119-\$3,135	1,015	\$2.09-\$3.09	2
3BR – 2BA	61	\$2,760-\$2,885	1,232	\$2.24-\$2.34	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet	X	Dishwasher		Spa	X	Computer Rm.		Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	X
Storage Closet		Washer/Dryer	X	Playground				Sewer	X
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated	X	Trash	X
Walk-In Closet		Parking: Carport, Surface, Garage	X	Basketball		Courtesy Patrol			
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: They do not use a Waitlist. Turnover is unknown.

RENT COMP. NO. 12 (See Location on Exhibit 5-1) FAMILY – MARKET RATE

NAME	Stone Lake Apartment Homes	DATE	May 17, 2021
ADDRESS	10270 E. Taron Drive	TOTAL UNITS	432
CITY	Elk Grove, CA	CONDITION	Excellent
MANAGER	MGMT TEAM	YEAR BUILT	2004
TELEPHONE	833-453-9942	BLDG. STYLE	2 stories

Distance From Site: 2.89 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	51	\$2,200	772	\$2.85	1
1BR – 1BA	50	\$3,040	772	\$3.94	0
2BR – 2BA	58	\$2,850	1,136	\$2.51	2
2BR – 2BA	57	\$4,380	1,136	\$3.86	1
2BR – 2BA	115	\$2,850-\$4,380	1,198	\$2.38-\$3.66	0
3BR – 2BA	51	\$3,000	1,240	\$2.42	3
3BR – 2BA	50	\$4,110	1,240	\$3.31	2

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.		Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym	X	Business Cntr	X	TV (C/S)	X
Skylight		Microwave	X	Picnic Area	X	Car Wash Area		Water	X
Storage Closet	X	Washer/Dryer	X	Playground	X			Sewer	X
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated	X	Trash	X
Walk-In Closet		Parking: Carport, Surface, Garage	X	Basketball	X	Courtesy Patrol	X		
Fireplace				Volleyball		Security Camera			
Patio/Balcony	X					Elevator			

Remarks: They do not use a Waitlist. Turnover is about 1-2 units a year.

RENT COMP. NO. 13 (See Location on Exhibit 5-1) FAMILY – MARKET RATE

NAME	Somerfield at Lakeside Apts.	DATE	May 17, 2021
ADDRESS	9444 Harbour Point Drive	TOTAL UNITS	98
CITY	Elk Grove, CA	CONDITION	Good
MANAGER	Sasha	YEAR BUILT	1999
TELEPHONE	916-472-0845	BLDG. STYLE	2 story

Distance From Site: 3.37 miles



BR/BA	# UNITS	RENT	SQ. FT.	RENT/SF	VACANT
1BR – 1BA	10	\$1,790	767	\$2.33	1
1BR – 1BA	10	\$1,900	767	\$2.48	0
2BR – 2BA	28	\$2,200	1,067	\$2.06	1
2BR – 2BA	27	\$2,309	1,067	\$2.16	1
3BR – 2BA	12	\$2,390	1,240	\$1.93	0
3BR – 2BA	11	\$3,300	1,240	\$2.66	0

UNIT AMENITIES		PROJECT AMENITIES				TENANT PAYS			
Central Air/Heat	X	Refrigerator	X	Community Rm.	X	On-Site Mgr.	X	Electricity	X
Blinds	X	Stove/Oven	X	Pool	X	Laundry Rm.		Heat (E/G)	X
Carpet	X	Dishwasher	X	Spa		Computer Rm.		Cooking (E/G)	X
Ceiling Fan		Garbage Disposal	X	Gym	X	Business Cntr		TV (C/S)	X
Skylight		Microwave		Picnic Area		Car Wash Area		Water	X
Storage Closet	X	Washer/Dryer	X	Playground	X			Sewer	X
Coat Closet		W/D Hook-ups		Tennis Ct.		Gated	X	Trash	X
Walk-In Closet	X	Parking: Carport, Surface, detached garage	x	Basketball		Courtesy Patrol			
Fireplace	X			Volleyball		Security Camera			
Patio/Balcony	X			Elevator					

Remarks: They do not use a Waitlist. Turnover is unknown.

LOCATION OF SURVEYED UNITS

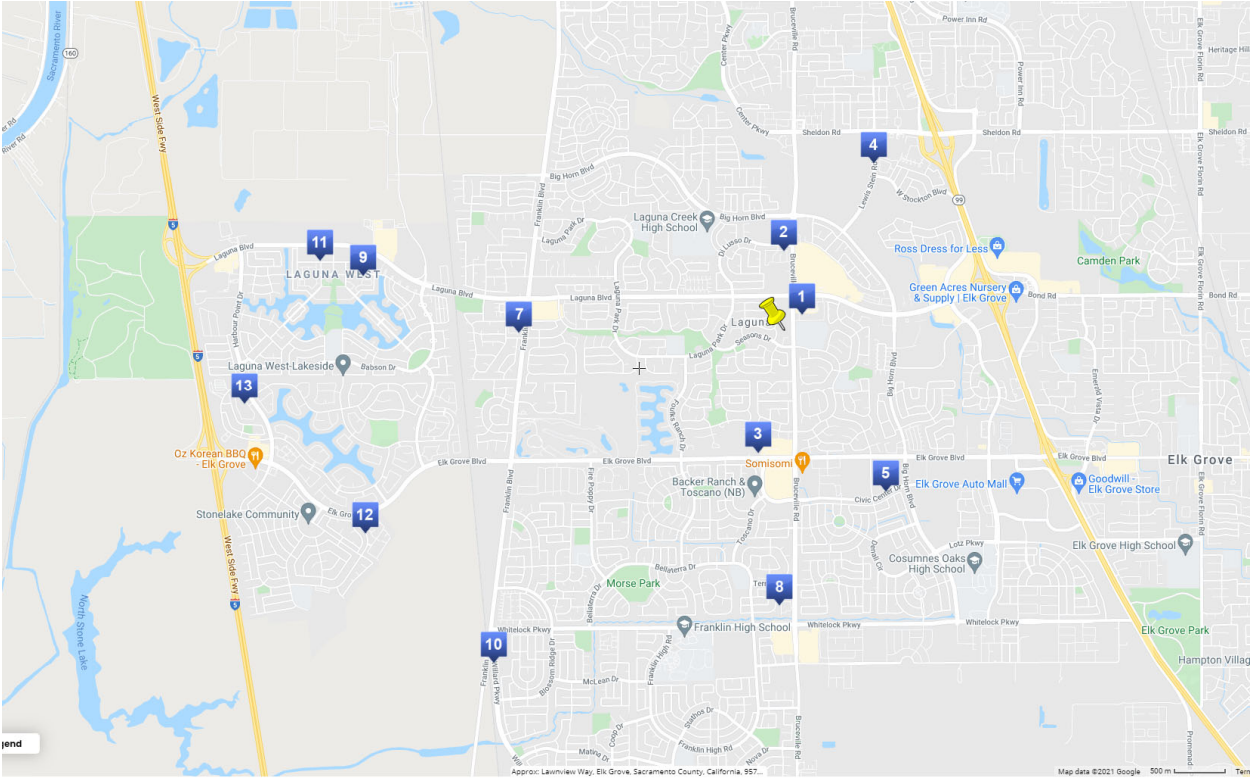


EXHIBIT 4 – SURVEY QUESTIONNAIRE SAMPLE SURVEY OF APARTMENT COMPLEXES

APARTMENTS FORM

NAME		DATE	
ADDRESS		TOTAL UNITS	
CITY		BLDG. STYLE	
MANAGER		YEAR BUILT	
TELEPHONE		CONDITION	

1. Market Rate, Subsidized or Rent-Restricted (What Program?)
2. Move-In Specials
3. Rent Change in recent months or planned?
4. Average vacancy last year?
5. Waiting list?
6. Monthly turnover?
7. Tenant profile (single, families, seniors, disabled, farmworkers)?

BR/BA	#UNITS	RENT	SQ. FT.	RENT/SF	VACANT

UNIT AMENITIES				PROJECT AMENITIES				TENANT PAYS	
Central Heat/Cool		Refrigerator		Carport		Volleyball		Electricity	
Blinds		Stove/Oven		Garage		On-Site Mgr.		Heat	
Carpet		Dishwasher		Community Rm		Laundry Rm.		Hot Water	
Ceiling Fan		Garbage Disposal		Swim Pool		Computer rm		Cooking	
Skylight		Microwave		Spa		Business Cntr		Cable or Satellite	
Storage Closet		Washer/Dryer		Exercise Rm		Car Wash Area		Water	
Coat Closet		Washer/Dryer Hook-ups		Picnic Area		Gated		Sewer	
Walk-In Closet				Playground		Courtesy Patrol		Trash	
Fireplace				Tennis Court		Surveillance Camera			
Patio/Balcony				Basketball		Elevator			
Other services provided:									
Remarks:									

CONCLUSIONS – LIHTC - FAMILY

Below is a preliminary demand based on current data, and a proposed mixed income project of LIHTC units. The numbers could vary after doing field work. The overlapping income ranges have been accounted for in the calculation of percent of income eligible households to prevent double counting. Given the proposed income targeting, there is a total demand for 1,764 units.

2021 DEMAND SUMMARY – LIHTC

GENERAL OCCUPANCY	1BR	2BR	3BR	TOTAL
Theoretical Demand (2021)				
25% of AMI	47	110	60	
30% of AMI	56	131	71	
50% of AMI	99	231	126	
70% of AMI	180	422	230	
TOTAL	382	894	488	1,764

The following demand formula is based upon the requirements established by the California Tax Credit Allocation Committee. This formula does not take into account all competitive units nor households that are currently unsuitably housed and may not reflect the total demand found within the Market Area.

Demand is established using an analysis of the total number of general households in the Market Area, the percentage of renter households, the percentage of income eligible households, unit type, and turnover.

WEST ELK GROVE MARKET AREA

FACTORS

1. Total Households year of Market Entry (2021): 61,630 total households
2. Renter Rate (2021): 35.2%
3. Income Eligibility: Based on the unit size, project rents, and 2021 rent levels established by the California Tax Credit Allocation Committee, the following income eligibility range was used to determine the percentage of households with the appropriate income for the subject property: the overlapping income ranges have been accounted for in the calculation of percent of income eligible households to prevent double counting. This range does not reflect the likely changes to the maximum rents that will occur over the next year.

LIHTC:

- 25 percent of AMI (\$14,571 - \$26,275) = **5.7%**
- 30 percent of AMI (\$17,485 - \$31,530) = **6.8%**
- 50 percent of AMI (\$29,142 - \$52,550) = **11.9%**
- 70 percent of AMI (\$40,800 - \$84,080) = **21.8%**

4. Unit Type: The unit type refers to the ideal proportion of each apartment unit type in the proposed project (i.e., bedrooms per unit) that conforms to renter household size statistics for the Market Area. Depending upon the mix of units being proposed, it is necessary in the context of the market study to determine the approximate number of households that might be appropriate for each bedroom size. Because there is no Census table to refer to, our methodology for this factor is purely logical. Single-persons are obviously most likely to live in studios or one-bedroom units, and larger families with seven or more persons are most likely to need a four-bedroom unit. The demand calculation was prepared using the minimum occupancy requirements required.

- One-Bedroom = **19.0%**
- Two-Bedroom = **44.6%**
- Three-bedroom = **24.3%**

5. Turnover: Laurin Associates used a preliminary turnover rate of 20.0 percent.

DEMAND FORMULA

Total Households x Renter Rate x Income Eligibility x Unit Type x Turnover Rate = Theoretical Net Demand

Theoretical Demand LIHTC Rental UnitsOne-Bedroom Units

- 25 percent of AMI
 $61,630 \times 35.2\% \times 5.7\% \times 19.0\% \times 20.0\% = 47$
- 30 percent of AMI
 $61,630 \times 35.2\% \times 6.8\% \times 19.0\% \times 20.0\% = 56$
- 50 percent of AMI
 $61,630 \times 35.2\% \times 11.9\% \times 19.0\% \times 20.0\% = 99$
- 70 percent of AMI
 $61,630 \times 35.2\% \times 21.8\% \times 19.0\% \times 20.0\% = 180$

TOTAL THEORETICAL ONE-BEDROOM DEMAND = 382 UNITS

Two-Bedroom Units

- 30 percent of AMI
 $61,630 \times 35.2\% \times 5.7\% \times 44.6\% \times 20.0\% = 110$
- 40 percent of AMI
 $61,630 \times 35.2\% \times 6.8\% \times 44.6\% \times 20.0\% = 131$
- 50 percent of AMI
 $61,630 \times 35.2\% \times 11.9\% \times 44.6\% \times 20.0\% = 231$
- 60 percent of AMI
 $61,630 \times 35.2\% \times 21.8\% \times 44.6\% \times 20.0\% = 422$

TOTAL THEORETICAL TWO-BEDROOM DEMAND = 894 UNITS

Three-Bedroom Units

- 30 percent of AMI
 $61,630 \times 35.2\% \times 5.7\% \times 24.3\% \times 20.0\% = 60$
- 40 percent of AMI
 $61,630 \times 35.2\% \times 6.8\% \times 24.3\% \times 20.0\% = 71$
- 50 percent of AMI
 $61,630 \times 35.2\% \times 11.9\% \times 24.3\% \times 20.0\% = 126$
- 60 percent of AMI
 $61,630 \times 35.2\% \times 21.8\% \times 24.3\% \times 20.0\% = 230$

TOTAL THEORETICAL THREE-BEDROOM DEMAND = 488 UNITS

TOTAL THEORETICAL DEMAND = 1,764 units

Sacramento Housing and Redevelopment Agency Assisted Rental Housing Income and Rent Limit Table Effective: 07/01/2020 Rev-1

Chart 1 Funding Programs: Bond, HTF, Inclusionary, MHSA and Tax Increment
Median Income: **\$86,300** (4-person)

Household Size	ANNUAL INCOME LIMITS									
	Moderate		Median	Mod-Low		Low	Very Low			Extremely Low
	120%	110%	100%	80%	70%	60%	50%	45%	40%	30%
1 person	72,500	66,450	60,400	48,350	42,350	36,300	30,250	27,225	24,200	18,150
2 person	82,850	76,000	69,050	55,250	48,400	41,460	34,550	31,095	27,640	20,750
3 person	93,200	85,450	77,650	62,150	54,400	46,620	38,850	34,965	31,080	23,350
4 person	103,550	94,950	86,300	69,050	60,400	51,780	43,150	38,835	34,520	26,200
5 person	111,850	102,550	93,200	74,600	65,350	55,980	46,650	41,985	37,320	30,680
6 person	120,100	110,150	100,100	80,100	70,150	60,120	50,100	45,090	40,080	35,160
7 person	128,400	117,700	107,000	85,650	75,000	64,260	53,550	48,195	42,840	39,640
8 person	136,700	125,300	113,900	91,150	79,800	68,400	57,000	51,300	45,600	44,120
9 person	145,000	132,950	120,850	96,700	84,600	72,492	60,450	54,369	48,328	48,540
10 person	153,300	140,500	127,750	102,200	89,450	76,634	63,900	57,476	51,090	52,960
11 person	161,550	148,100	134,650	107,750	94,250	80,777	67,350	60,583	53,851	57,380

Bond, HTF, Inclusionary, MHSA and Tax Increment

Unit Size	MAXIMUM GROSS MONTHLY RENTS								
	Moderate	Mod-Low			Low	Very Low			Extremely Low
	110%	80%	70%	60%	50%	45%	40%	30%	
Studio	1661.25	1208.75	1059.00	907.50	756.25	680.63	605.00	453.75	
1 bedroom	1900.00	1381.25	1210.00	1036.50	863.75	777.38	691.00	518.75	
2 bedroom	2136.25	1553.75	1360.00	1165.50	971.25	874.13	777.00	583.75	
3 bedroom	2373.75	1726.25	1510.00	1294.50	1078.75	970.88	863.00	655.00	
4 bedroom	2563.75	1865.00	1634.00	1399.50	1166.25	1049.63	933.00	767.00	
5 bedroom	2753.75	2002.50	1754.00	1503.00	1252.50	1127.25	1002.00	879.00	

Chart 2 Funding Program: HOME
Median Income: **\$86,300** (4-person)

Household Size	ANNUAL INCOME LIMITS		
	Low	Very Low	Extremely Low
	60%	50%	30%
1 person	36,300	30,250	18,150
2 person	41,460	34,550	20,750
3 person	46,620	38,850	23,350
4 person	51,780	43,150	25,900
5 person	55,980	46,650	28,000
6 person	60,120	50,100	30,050
7 person	64,260	53,550	32,150
8 person	68,400	57,000	34,200
9 person	72,500	60,400	36,250
10 person	76,650	63,850	38,350
11 person	80,800	67,300	40,400

HOME

Unit Size	MAXIMUM GROSS MONTHLY RENTS	
	High HOME	Low HOME
	SRO	714
Studio	952	756
1 bedroom	1,033	810
2 bedroom	1,241	971
3 bedroom	1,425	1,122
4 bedroom	1,570	1,252
5 bedroom	1,714	1,381

Chart 4: Utility Allowance (UA) Example

Unit Size	Using Very Low (50%) Rent Limit from Chart 1		
	Gross Rent	UA*	Tenant Rent
Studio	756.25	61	\$695.25
1 bedroom	863.75	73	\$790.75
2 bedroom	971.25	85	\$886.25
3 bedroom	1,078.75	103	\$975.75
4 bedroom	1,166.25	121	\$1,045.25
5 bedroom	1,252.50	138	\$1,114.50

*EXAMPLE ONLY. NOT ACTUAL UTILITY ALLOWANCE

Chart 3 Funding Programs: CDBG, NSP, ESG and HOPWA
Median Income: **\$86,300** (4-person)

Household Size	ANNUAL INCOME LIMITS			
	Mod-Low	Low	Very Low	Extremely Low
	80%	60%	50%	30%
1 person	48,350	36,300	30,250	18,150
2 person	55,250	41,460	34,550	20,750
3 person	62,150	46,620	38,850	23,350
4 person	69,050	51,780	43,150	26,200
5 person	74,600	55,980	46,650	30,680
6 person	80,100	60,120	50,100	35,160
7 person	85,650	64,260	53,550	39,640
8 person	91,150	68,400	57,000	44,120
9 person	96,700	72,492	60,450	48,540
10 person	102,200	76,634	63,900	52,960
11 person	107,750	80,777	67,350	57,380

CDBG, NSP, ESG and HOPWA

Unit Size	FMR	MAXIMUM GROSS MONTHLY RENTS			
		Mod-Low	Low	Very Low	Extremely Low
		80%	60%	50%	30%
**SRO		714	714	714	453
Studio	952	1,208	907	756	453
1 bedroom	1,072	1,295	972	810	486
2 bedroom	1,349	1,553	1,165	971	583
3 bedroom	1,946	1,795	1,347	1,122	711
4 bedroom	2,368	2,002	1,503	1,252	879
5 bedroom	2,723	2,210	1,658	1,381	1,047

LEGEND:

- BOND** - Multifamily Revenue Bond Program
- CDBG** - Community Development Block Grant Program
- HOME** - Home Investment Partnerships Program
- HTF** - Housing Trust Fund Program
- INC** - Inclusionary Housing Program
- MHSA** - Mental Health Services Act Program
- NSP** - Neighborhood Stabilization Program
- TI** - Tax Increment Program

NOTE: Properties with multiple SHRA Funding Programs must use the most restrictive income and rent limits.

Sacramento Housing and Redevelopment Agency Assisted Rental Housing Income and Rent Limit Table Sources

Chart 1 Funding Programs: Bond, HTF, Inclusionary, MHSA and Tax Increment

- 1) Moderate (120% and 110 % AMI), Median (100% AMI) and Moderate-Low (80% AMI) Income Limits: 2020 HCD State Income limits published 4/30/2020 at <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>
- 2) Low (60% AMI) Income Limits: 2020 Multifamily Tax Subsidy Income Limits published 4/30/2020 at <http://www.huduser.org/portal/datasets/mtsp.html>
- 3) Very-Low (50% AMI) Income Limits: 2020 HCD State Income limits published 4/30/2020 at <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>
- 4) Extremely Low (45% and 40% AMI) Income Limits: 2020 California Tax Credit Allocation Committee Income Limits published 4/01/2020 for properties Placed in Service
- 5) Extremely Low (30% AMI) Income Limits: 2020 HCD State Income limits published 4/30/2020 at <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html> and incorporates DHHS 2020 Poverty Levels per HUD Datasets at <http://www.huduser.org/portal/datasets/mtsp.html> and <http://aspe.hhs.gov/poverty/poverty.cfm>

Chart 2 Funding Programs: HOME

- 1) 2020 HOME Program Income Limits published 6/17/2020 effective 7/01/2020 at <https://www.hudexchange.info/programs/home/home-income-limits/>
- 2) High and Low HOME Rents: 2020 HOME Program Rent Limits published 6/17/2020 effective 7/01/2020 at <https://www.hudexchange.info/programs/home/home-rent-limits/>The HOME income limit values for large households (9-12 persons) must be rounded to the nearest \$50. Therefore, all values from 1 to 24 are rounded down to 0, and all values from 25 to 49 are rounded up to 50.

Chart 3 Funding Programs: CDBG, NSP, ESG and HOPWA

- 1) Fair Market Rents (FMR): FY 2020 HUD Office of Policy Development & Research FMR Limits at https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020summary.odn?cbsasub=METRO40900M40900&year=2019&fmrtype=Final&dallas_sa_override=TRUE;
SRO=The FMRs for unit sizes larger than four bedrooms are calculated by adding 15% to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy (SRO) units are 0.75 times the zero bedroom (efficiency) FMR. **The 2020 HOME efficiency FMR= 952, FMR x .75, for 2020 (952)(.75)= 714
- 3) Moderate-Low (80% AMI) and Very Low (50% AMI) Income Limits: 2020 HUD Data Sets Income Limits published 4/30/2020 at <http://www.huduser.org/portal/datasets/mtsp.html>
- 4) Low (60% AMI) Income Limits: 2020 Multifamily Tax Subsidy Income Limits published 4/30/2020 at <http://www.huduser.org/portal/datasets/mtsp.html>
- 5) Extremely Low (30% AMI) Income Limits: 2020 HUD Data Sets Income Limits published at <http://www.huduser.org/portal/datasets/mtsp.html> and incorporates DHHS 2020 Poverty Levels published at <https://aspe.hhs.gov/poverty-guidelines>

Chart 4: Utility Allowance Example

- 1) SHRA Utility Allowance Schedule - *****EXAMPLE*****

May 19, 2021

PRELIMINARY CONSTRUCTION BUDGET
Cornerstone Village



Owner: **Bethesda**

R1

Project/Location: **Cornerstone Village - Elk Grove**

Quote #: **395-PB-B1**

Plan date/version received	4/28/2021	Total Gross SF	78,751 sf
Number of buildings	8	Unit SF	73,417 sf
Total Living Units	84	Amenity / Common	5,334 sf
Units: 1 BR / 1 BA	42	Total Surface Parking	126 stalls
2 BR / 2 BA	21	Tuck-Under Stalls	36 stalls
3 BR / 2 BA	21	Total Site Area - Approx.	4.12 acres
		Wages	PW
		Project Duration	14 mnth
BLDG. DESCRIPTION:		7 three story, Type V, walk up buildings, six with tuck under parking. One three story Type V, building with double loaded interior corridors and an elevator. Full site package.	

	DESCRIPTION	AMOUNT	Cost Gross BLDG. sqft	COST PER UNIT
			78,751	84

1 SITE DEVELOPMENT:

2	Survey & Construction Staking	42,042	\$ 0.53	\$ 500
3	SWPPP & Erosion Control Allowance	34,200	\$ 0.43	\$ 407
4	Demolition	70,611	\$ 0.90	\$ 841
5	Abatement & Hazardous Material Removal Allowance	Excluded	excluded	excluded
6	Earthwork - Grade & Pave	603,971	\$ 7.67	\$ 7,190
7	Site Utilities - Wet	607,500	\$ 7.71	\$ 7,232
8	Striping and Signage	5,525	\$ 0.07	\$ 66
9	Dry Utilities / Joint Trench	400,000	\$ 5.08	\$ 4,762
10	Landscaping	252,833	\$ 3.21	\$ 3,010
	Bio Swale / Retention	100,000	\$ 1.27	\$ 1,190
11	Fencing	25,500	\$ 0.32	\$ 304
12	Play Equipment and Surfacing	35,000	\$ 0.44	\$ 417
13	Trash Enclosures	44,700	\$ 0.57	\$ 532
14	Site Furnishings	25,000	\$ 0.32	\$ 298
15	Site Concrete	205,593	\$ 2.61	\$ 2,448
16	SITE DEVELOPMENT SUB TOTAL	\$ 2,452,473	\$ 31.14	\$ 29,196

38 BUILDINGS:

39	Building	22,220,382	\$ 282.16	\$ 264,528
40	Elevator @ Building C	126,000	\$ 1.60	\$ 1,500
41	Solar Pre-Heat	126,000	\$ 1.60	\$ 1,500
42	Photovoltaic	300,300	\$ 3.81	\$ 3,575
43	Amenity Area Upgrade	106,660	\$ 1.35	\$ 1,270
44	BUILDING SUB TOTAL	\$ 22,879,342	\$ 290.53	\$ 272,373

46 DIRECT COSTS:

47	General Conditions	775,418	\$ 9.85	\$ 9,231
48	General Requirements	402,584	\$ 5.11	\$ 4,793
49	Insurance	235,992	\$ 3.00	\$ 2,809
50	SDI	307,251	\$ 3.90	\$ 3,658

	DESCRIPTION	AMOUNT	Cost Gross BLDG. sqft 78,751	COST PER UNIT 84
51	Security during Construction	133,000	\$ 1.69	\$ 1,583
52	Payment & Performance Bond	148,471	\$ 1.89	\$ 1,768
53	Permits	By Owner	by owner	by owner
54	Testing & Special Inspections	By Owner	by owner	by owner
55	Builders Risk Insurance	By Owner	by owner	by owner
56	Contractor Contingency 3%	761,004	\$ 9.66	\$ 9,060
57	Overhead & Profit 5%	1,368,477	\$ 17.38	\$ 16,291
58	DIRECT COST SUB TOTAL	\$ 4,132,196	\$ 52.47	\$ 49,193
59				
60	GRAND TOTAL	\$ 29,499,012	\$ 374.59	\$ 351,179

OPTIONS NOT INCLUDED ABOVE:

Church Area Site Work	681,112	\$ 8.65	\$ 8,108
Potential Material & Labor Escalation TBD%	TBD		
Pre-Construction Services	TBD		

Cornerstone Village - Elk Grove
Qualifications, Clarifications, and Exclusions
5/11/2021



GENERAL

Preliminary rough order of magnitude budget based on Yield Study Site plan page by Mogavero dated 4/28/21.
Budget based on gross square footages provided by Mogavero, as we have no scalable plans.
Budget is based on current market prices.
Increased costs due to tariffs enacted after date of budget are not included.
Power to be reasonably available on site for temporary construction power.
Site Security is an Allowance for cost of guards, cameras, fencing. Builders risk policy may have more requirements.
Phasing is not included in budget.
Budget is based on prevailing wage.

Survey / Construction Staking

Owner to provide property corner survey.
Construction staking for building corners and vertical design grades.

SWPPP & Erosion Control Allowance

SWPPP plan to be provided by civil engineer.
Install of SWPPP & erosion control.
Maintenance of SWPPP and erosion control.
Street sweeping / cleaning.
QSP inspector and fees are to be provided by owner.

Demolition

AC paving.
Sidewalk / flatwork.
Foundations @ portables.
Landscaping / trees.
Light poles, BB hoops, fencing.
Existing portable buildings to be moved by others.

Abatement & Hazardous Material Removal

Excluded.

Earthwork - Grade & Pave

Budget is based on a balanced site.
Building pads budget as scarify and compact.
AC paving budgeted as 3" AC over 12" AB.

Site Utilities

Domestic water.
Fire water.
Storm drain system.
Sewer system0

Joint Trench / Dry Utilities

Allowance for joint trench / dry utilities.

Landscape & Irrigation

Includes (60) day maintenance and warranty period for landscaping, and (1) year for the irrigation system.
Planting and Irrigation system

BioSwale / Retention

Includes an allowance of \$150,000 for unknown bio swales, retention ponds, stormwater treatment, etc.
--

Fencing

Fencing at play area.
Budget is based on existing property line fence to remain.

Play Equipment & Surfacing

Allowance for play equipment & surfacing.

Trash Enclosures

Concrete slab, apron & footings.
CMU walls.
Trash enclosure gates.
Includes four trash enclosures.

Site Furnishings

Allowance for unknown site furnishings, bike racks, benches, etc.

SITE CONCRETE

Sidewalk / flatwork.
Curb. Curb budgeted as 2/3 curb and 1/3 curb and gutter.
Drive approaches

Buildings

Slab on grade concrete slab.
Type V wood framed construction.
Stucco with some fiber cement siding exterior skin.
Asphalt shingle roof.
Standard apartment grade finishes.
Gas water heaters.
Unit HVAC to be split system heat pump.
Tuck under parking.

Elevator

Three stop elevator in building C.

Solar Pre-Heat

Allowance of \$1,750 per unit for solar pre-heat.

Photovoltaic System

PV budgeted at 1.3 KW per unit.

Amenity Area Upgrade

Allowance for upgraded finishes, casework, millwork, wall coverings, etc. at the amenity area.
--

GENERAL EXCLUSIONS

Construction noise reduction measures, mitigation, controls, plans, temp sound barriers, and/or special equipment.
All permits, fees and utility connection fees.
Design, engineering, calculations, and any related costs or fees. (Unless specifically included as design-build)
Builders Risk / Course of Construction insurance. Owner to provide.
Title 24 calculations.
Testing and Special Inspection costs.
Cal Green, Build-it-Green, Green Point, or LEED requirements unless they are incorporated into the project design.
Conditions of Approval requirements are included to the extent they are incorporated into the project design already.
Delays or other impacts caused by union picketing or other union activity.
Owner controlled insurance program (OCIP) credits from Brown Construction and the subcontractors.
Verification of design compliance with "American with Disabilities Act".
Forest Stewardship Council (FSC) certified lumber.
Full-scale freestanding mockups of typical units and/or amenity areas.
Building information modeling (BIM).
Owner fixtures, furniture, and equipment (FF&E).
Ground improvements, pile, piers, etc.
Removal of any underground obstructions (septic tanks, vaults, basements, etc.).
Lime treatment.
Dewatering, standing or seasonal.
Relocating and or undergrounding of any existing overhead utilities.
Carpports.



May 19, 2021

Margaret Miller
Senior Vice President, Development
The John Stewart Company
1388 Sutter Street, 11th Floor
San Francisco, CA 94109-5427

RE: Cornerstone Village – Elk Grove (the “Project”)

Dear Ms. Miller:

This letter of interest from Enterprise Community Investment, Inc. (Enterprise) for providing equity, through an investment fund which would be formed by Enterprise, to the Project, is valid for nine months from the date of this letter.

Enterprise is one of the leading syndicators of low income housing tax credits (“LIHTC”). Since the enactment of the federal LIHTC program in 1986, Enterprise has raised more than \$14 billion in equity for the development of low income housing.

The John Stewart Company is one of our most accomplished development partners, having developed 10 Enterprise-syndicated properties and providing property management on 44 of our deals. With over 40 years of development expertise, over 30 LIHTC properties developed, and a highly experienced and diligent staff, The John Stewart Company is an excellent sponsor and developer for this Project.

This letter of interest is based on a preliminary review of the information provided by you. This information indicated that the Project would generate, at this time, a LIHTC allocation of approximately \$1,754,533 annually, assuming that the assumptions set forth in the pro forma are satisfied.

The proforma presented to Enterprise as part of the preliminary submissions indicated pricing in the range of \$0.955 on the tax credit dollar. Based on this assumption, the Project would generate an equity investment in the amount of approximately \$16,754,114. This estimate of pricing appears supportable if the transaction were to close today. The equity markets are extremely volatile at this point in time. The ultimate ability of Enterprise to close on this transaction will be determined by investor yield requirements and the availability of capital much closer to the time of closing.

As soon as you have received a reservation of tax credits, please contact us so that we can continue the underwriting of this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Porter", is written over a light blue horizontal line.

Philip Porter
Vice President



Site Evaluation

9270 Bruceville Road, Elk Grove, CA

PSI understands that as part of the redevelopment project that a Phase I Environmental Site Assessment will be required. There are several aspects of completing a Phase I Environmental Site Assessment, but for a site that is currently a church and a small charter school, the primary potential subsurface environmental impacts would be from off-site groundwater impact migrating beneath the property and creating a vapor encroachment condition or the historical use of the property creating a Recognized Environmental Condition, which would require an additional assessment in the form of a Phase II Environmental Site Assessment. To help understand potential risk to the property, PSI has completed a **preliminary evaluation** of these two avenues of risk.

Off-Site Sources

PSI reviewed the California State Water Resources Control Board GeoTracker website and the California Department of Toxic Substances Envirostor website for potential threats to the subject property.

The subject property itself is not on either of these databases. The only site that is listed within a ¼-mile of the subject property is the Harriet Eddy Middle School, which is adjacent to the east across Bruceville Road. An environmental investigation was conducted as part of the development of the school with 'no contaminants found'. Based on this information, this facility should not represent an environmental issue to the subject property.

Historical Use

The preliminary evaluation of the subject property indicates the following:

Past Site Uses, Subject Property	
Year(s)	Interpreted Property Use
1937, 1947, 1952, 1957, 1961, 1966	Aerial Photographs: The subject property appears to be agricultural land.
1971, 1976, 1977, 1980	Aerial Photographs & City Directories: The subject property appears to be agricultural land with several small buildings, which appears to be a farm/single-family residence. City Directories indicate the following: 1976: Ehnisz Ernest Jr, Vanvleck Doug 1980: Ehnisz Ernest Jr
1985, 1987, 1990, 1993, 1995, 1998	Aerial Photographs & City Directories: The subject property appears to be single-family residences. The previously identified farm/single-family



	residence and agricultural land are no longer present. City Directories indicate the following: 1985, 1990, 1995: XXXX
2001, 2005, 2006, 2007, 2009, 2010, 2012, 2013, 2014, 2016, 2018, 2020	Aerial Photographs & City Directories: The subject property appears in its current configuration, as a church. City Directories indicate the following: 2001: Laguna Creek Community Church 2007, 2013, 2018: Sac Lutheran High School, Light Of The Valley

The results of the historical evaluation did not indicate any potential environmental threats to the subject property. A full Phase I ESA would need to be conducted to confirm this information.

Site Structures

Current site structures appear to consist of a church and a small charter school. Based on review of aerial photographs, the current site structures appear to have been constructed somewhere between 1998 and 2001. Based on the age of construction, there should not be Lead-Based Paint (LBP) concerns and, although the presence of asbestos or paints with some amount of lead (<5,000 parts per million) cannot be completely ruled out, the potential applications of these potentially hazardous materials would be limited and should not present an impairment to site demolition or redevelopment.