

RECORDING REQUESTED BY
AND
WHEN RECORDED MAIL TO:

Housing Authority of
the City of Napa
1115 Seminary Street
Napa, CA 94559
Attn: Jan Maurer-Watkins



2009-0001079

Recorded	REC FEE	0.00
Official Records		
County of		
Napa		
JOHN TUTEUR		
Assessor-Recorder-Cou		
02:21PM 16-Jan-2009	VB	Page 1 of 19

Regulatory Agreement

DOCUMENT TITLE(S)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the City of Napa
1115 Seminary Street
Napa, CA 94559
ATTN: Peter Dreier

NO RECORDING FEE REQUIRED GOVERNMENT CODE SECTION 27383

REGULATORY AGREEMENT

This Regulatory Agreement ("Agreement") is made as of this 9 day of December, 1992 by and between the Housing Authority of the City of Napa (the "Authority") and Mayacamas Village Associates, a California Limited Partnership (the "Developer").

RECITALS

A. The Developer desires to develop a 51-unit residential project for low income persons (the "Project") on land owned by the Authority in the City of Napa, California which is more particularly described in Exhibit A attached hereto (the "Property").

B. The Authority has agreed to sell the land to the Developer for Six Hundred Seventy-Five Thousand Dollars (\$675,000), of which Six Hundred Five Thousand Dollars (\$605,000) shall be paid with a note from the Developer to the Authority (the "Note") in consideration for the Developer's obligation to operate eight (8) units in the Project for low-income households and seventeen (17) units in the Project for very-low income households.

C. Pursuant to the terms of a loan to the Developer from the California Department of Housing and Community Project ("HCD"), a form of which is attached hereto as Exhibit B, the Developer will enter into a regulatory agreement with HCD, as amended by the First Amendment to HCD Regulatory Agreement (the "HCD Regulatory Agreement"), which will be recorded against the Project for a term of not less than 55 years.

D. The HCD Regulatory Agreement will require that eight (8) units of the Project be operated for persons whose incomes are 80% or less of median income at rents that do not exceed 30% of 60% of median income. Seventeen (17) units of the Project will be operated for persons whose incomes are 50% or less of median income at rents that do not exceed 30% or 35% of median income.

E. The Developer and the Authority desire that the Authority be a third-party beneficiary with respect to the rent and occupancy provisions of the HCD Regulatory Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Term. The Developer, in consideration for the sale of the land for a note, agrees to operate the Project in accordance with the terms of this Agreement for a period of sixty (60) years from the date of issuance of a certificate of occupancy for the Project.

2. Rent and Occupancy Restrictions.

a. The following definitions shall apply for the purposes of this Agreement:

i. "Lower Income Household" shall mean a household with an Adjusted Income which does not exceed eighty percent of Median Income, and may include Very Low Income Households.

ii. "Lower Income Units" shall mean the Units which are required to be occupied by Lower Income Households.

iii. "Median Income" shall mean the median income adjusted by actual household size for households in the County of Napa, California, as published from time to time by the State of California. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the Authority shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by the State.

iv. "Rent" shall mean the total of monthly payments by the tenants of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits; the cost of an adequate level of

service for utilities paid by the tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service; any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the Developer, and paid by the tenant.

v. "Unit" shall mean one of the fifty-one dwelling units to be constructed on the Property.

vi. "Very Low Income Household" shall mean a household with an Adjusted Income which does not exceed fifty percent of Median Income.

vii. "Very Low Income Units" shall mean the Units which are required to be occupied by Very Low Income Households.

b. Seventeen (17) of the Units shall be rented and occupied by or, if vacant, available for rental and occupancy by Very Low Income Households. Eight (8) of the Units shall be rented and occupied by, or, if vacant, available for rental and occupancy by, Lower Income Households.

c. The Rent charged the occupants of the Very Low Income Units shall not exceed one-twelfth of thirty percent (30%) of thirty-five percent (35%) of Median Income, adjusted for household size. The Rent charged the occupants of the Lower Income Units shall not exceed one-twelfth of thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for household size.

In calculating the allowable Rent for the Very Low Income Units and the Lower Income Units, the following assumed household sizes shall be utilized:

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
Studio	1
One	2
Two	3
Three	4.5
Four	6

Unit rents may only be increased one time per year and the Rent levels following an increase, or upon a new occupancy, shall not exceed the Rent levels set forth in subsection (a) above, corresponding to the Median Income figures published by the State of California for that year; notwithstanding the

foregoing, the amount and the frequency of the rent increases shall be as allowed by the California Department of Housing and Community Project ("HCD").

d. Each year commencing on January 1, 1995 and no later than January 1st of each year thereafter, the Developer shall submit an annual report with respect to the occupancy and rental of the 25 units governed by this Section 2 to the Authority, in a form required by HCD.

3. Maintenance. The Developer, for itself, its successors and assigns hereby agrees that the Project, shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted, and a safe and sanitary manner in accordance with local health, building and housing codes and the management plan approved by the California Department of Housing and Community Development. The Developer hereby agrees that the Project will be well lighted and maintained and operated in a manner that enables them to be an integral part of the community, with particular emphasis on preventing the Property from being used as a site for criminal activity and other activities affecting the security of the tenants of the Project and the community. The Developer further agrees to keep the Property free from inoperable automobiles and automobiles permitted to be parked on the Property shall not be permitted to be parked thereon for more than 15 consecutive days.

In the event that there arises at any time a condition in contravention of the above maintenance standard, then the Authority shall notify the Developer in writing of such condition, giving Developer thirty (30) days from receipt of such notice to cure said condition. In the event the Developer fails to cure or commence to cure the condition within the time allowed, the Authority shall have the right to perform all acts necessary to cure such a condition, or to take other recourse at law or equity the Authority may then have and to receive from Developer, its successors or assigns the Authority's cost in taking such action. The parties hereto further mutually understand and agree that the rights conferred upon the Authority expressly include the right to enforce or establish a lien or other encumbrance against the Property, but such lien shall be subject to previously recorded liens and encumbrances. The foregoing provisions shall be a covenant running with the land until expiration of this Agreement, enforceable by the Authority, its successors and assigns. Nothing in the foregoing provisions shall preclude the Developer from making any alterations, additions, or other changes to any of the Project or landscaping, provided that such changes comply with this Agreement.

4. Repair and Replacement Budget. The Developer shall submit to the Authority the annual repair and replacement budget for the Project.

5. Hazardous Materials.

a. Definitions. The following special definitions shall apply for the purposes of this Section 5:

(1) Hazardous Materials" shall mean:

A. any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code at such time;

B. any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time;

C. any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1521 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000 (f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clear Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 3900 et seq.), or California Water Code (Section 1300 et seq.) at such time; and

D. any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Project.

(2) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Project or any portion thereof.

b. Certain Covenants and Agreements. The Developer hereby covenants and agrees that:

i. The Developer shall not knowingly permit the Project or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the

Project other than such cleaning and other materials used in the ordinary course of business of a residential project;

ii. The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to be in violation of, any Hazardous Materials Laws;

iii. Upon receiving actual knowledge of the same, the Developer shall immediately advise the Authority in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Project; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. The Authority shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Developer.

iv. Without the Authority's prior written consent, which shall not be unreasonably withheld, the Developer shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Project (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

6. Management Agent; Periodic Reports.

a. Management Agent. The Project shall at all times be managed by an experienced management agent (the "Management Agent") reasonably acceptable to the Authority, with demonstrated ability to operate residential facilities like the Project in a manner that will provide decent, safe, and sanitary housing. The

Developer shall submit for the Authority's approval the identity of any proposed Management Agent. The Developer shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the Authority to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the Authority shall approve the proposed Management Agent by notifying Developer in writing. Unless the proposed Management Agent is disapproved by the Authority within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. The Housing Authority of the City of Napa is hereby approved by the Authority as the initial Management Agent.

b. Performance Review. The Developer shall cooperate with the Authority in the periodic review of the management practices and financial status of the Project within ninety (90) days after the end of each calendar year, but in no event before Developer has received from its accountant its audited financial statement for the preceding year. The purpose of each periodic review will be to enable the Authority to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement.

c. Periodic Inspections. The Authority is authorized to make periodic inspections of the Project during normal business hours and subject to the rights of the tenants.

d. Reports. The Management Agent shall prepare such reports as are reasonably requested by the Authority and necessary to determine that the Project is being operated in accordance with this Agreement.

e. Complaint Log. The Management Agent shall maintain and make available for inspection by the Authority a log setting forth tenants' complaints and the time and the nature of the Management Agent's response.

f. Replacement of Management Agent. If, as a result of a periodic review, the Authority determines in its reasonable judgment that the Project is not being operated and managed in accordance with any of the requirements and standards of this Agreement, the conditional use permit, and in a decent, safe and habitable condition, the Authority shall deliver notice to the Developer of its intention to cause replacement of the Management Agent. Within fifteen (15) days of receipt by the Developer of such written notice, the Authority and the Developer shall meet

in good faith to consider methods for improving the financial and operating status of the Project, including, without limitation, replacement of the Management Agent.

If, after such meeting, the Authority elects to proceed with the replacement of the Management Agent, the Authority shall so notify the Developer in writing within fifteen (15) days following the meeting. Thereupon, the Developer shall promptly dismiss the then Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in subsection (a) above and approved by the Authority pursuant to subsection (a) above.

Any contract for the operation or management of the Project entered into by the Developer shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute an event of default under the Note.

7. Insurance Requirements.

a. Required Coverage. The Developer shall maintain and keep in force, at the Developer's sole cost and expense, the following insurance applicable to the Project:

i. Worker's Compensation insurance, if required by law, including Employer's Liability coverage, with limits not less than \$1,000,000 each accident.

ii. Comprehensive General Liability insurance with limits not less than \$2,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverage for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

iii. Comprehensive Automobile Liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverage for owned, non-owned and hired vehicles, as applicable; provided, however, that if the Developer does not own or lease vehicles for purposes of this Agreement, then no automobile insurance shall be required and both parties to this Agreement shall initial this provision signifying same.

iv. Property insurance covering the Project covering all risks of loss, excluding earthquake and flood, for 100% of the replacement value, with deductible, if any, acceptable to the Authority, naming the Authority as a Loss Payee, as its interest may appear.

b. Contractor's Insurance. The Developer shall cause any general contractor or agent working on the Project under direct contract with the Developer to maintain insurance of the types and in at least the minimum amounts described in subsections a.i, a.ii, and a.iii, above, and shall require that such insurance shall meet all of the general requirements of subsection c. below. Subcontractors working on the Project under indirect contract with the Developer shall be required to maintain the insurance described in subsections a.i, a.ii and a.iii, above. Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the Authority, its board members, officers, agents, and employees.

c. General Requirements. The required insurance shall be provided by insurers or reinsurers with a Best's rating of not less than A-VII. Such insurance shall be under an occurrence form, and should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as additional insureds the Authority and its boardmembers, officers, agents, and employees.

All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the Authority.

d. Certificates of Insurance. Upon the Authority's request at any time during the term of this Agreement, the Developer shall provide certificates of insurance, in form and with insurers reasonably acceptable to the Authority, evidencing compliance with the requirements of this Section, and shall provide complete copies of such insurance policies, including a separate endorsement naming the Authority as additional insured.

8. Assignment and Transfers.

a. Definitions. As used in this Paragraph 8, the term "Transfer" means:

i. Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Property or any part thereof or any interest therein or of the improvements constructed thereon, or any contract or agreement to do any of the same; or

ii. Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in Developer or any contract or agreement to do any of the same; or

iii. Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer; or

iv. The leasing of part or all of the Property or the improvements thereon; provided, that leases of the Units to tenant occupants shall not be deemed a "Transfer" for purposes of this Paragraph 8.

b. Purpose of Restrictions on Transfer. The Developer recognizes that it is because of the qualifications and identity of the Developer that the Authority is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

c. Permitted Transfers. The following Transfers shall be permitted and approved by the Authority:

i. Any Transfer creating a mortgage, deed of trust, or other reasonable means of securing a construction loan or permanent financing to which the Authority has subordinated its deed of trust and this Agreement ("Security Financing Interest");

ii. Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest;

iii. Any transfer to Rural California Housing Corporation ("RCHC") or a nonprofit public benefit corporation controlled by RCHC;

iv. Any Transfer of a limited partnership interest in the Developer.

d. Effectuation of Certain Permitted Transfers. No Transfer of this Agreement permitted pursuant to paragraph (c) (other than a Transfer pursuant to a Security Financing Interest

under paragraph (c)(i) or (ii), or Transfers of limited partnership interests permitted pursuant to paragraph (c)(iv)) shall be effective unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an instrument in writing reasonably satisfactory to Authority and in form recordable among the land records, shall expressly assume the obligations of Developer under this Agreement and agree to be subject to the conditions and restrictions to which Developer is subject arising during this Agreement. Anything to the contrary notwithstanding, the holder of a Security Financing Interest whose interest shall have been acquired by, through or under a Security Financing Interest or shall have been derived immediately from any holder thereof shall not be required to give to the Authority such written assumption until such holder or other person is in possession of the Property or entitled to possession thereof pursuant to enforcement of the Security Financing Interest.

e. Other Transfers with Authority Consent. The Authority may, in its reasonable exercise of discretion, approve in writing other Transfers as requested by the Developer. Any transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority shall expressly assume all of the obligations of the Developer under this Agreement relating to the Property involved and agree to be subject to all the conditions and restrictions to which the Developer is subject. There shall be submitted to the Authority for review all instruments and other legal documents proposed to effect any such Transfer; and if approved by the Authority (if approval is required hereby) its approval shall be indicated to the Developer in writing. Such approval shall be granted or denied by the Authority staff within thirty (30) business days of receipt by the Authority of Developer's request for approval of a Transfer and shall not be unreasonably withheld or delayed.

In the absence of specific written agreement by the Authority, no such transfer, assignment or approval by the Authority shall be deemed to relieve the Developer or any other party from any obligations under this Agreement.

f. Release of Developer Following Permitted Transfer. Following the issuance of a Certificate of Completion for the Project, upon all of the terms of paragraph (d) or (e) being satisfied for a permitted Transfer to be effective, the Transfer shall operate to release the Developer from any liability under this Agreement which arises from an event occurring after the Transfer; provided, however, that Mayacamas Village Associates

(as the original Developer) shall remain liable for the obligations set forth in paragraph 13(f) following such Transfer unless the Authority, in the exercise of its discretion, consents in writing to release the Developer from such obligations.

9. Default. Each of the following shall constitute a default under this Agreement:

a. The Developer fails to comply with the rent and occupancy restrictions in this Agreement.

b. A Transfer (as defined in this Agreement) occurs, either voluntarily or involuntarily, in violation of this Agreement.

c. The Developer breaches any other material provision of this Agreement.

d. Upon the happening of any of the above-described events, the Authority shall first notify the Developer in writing of its purported breach, failure or act above described, giving the Developer sixty (60) days from receipt of such notice to cure, or, if cure cannot be accomplished within said sixty (60) days, to commence to cure such breach, failure, or act. In the event the Developer fails to cure within said sixty days, or if such breach is of a nature that it cannot be cured within sixty (60) days, Developer fails to commence to cure within said sixty (60) days and diligently complete such cure within a reasonable time thereafter but in no event later than one hundred and twenty (120) days, then the Authority shall be afforded all of its rights at law or in equity.

e. The Developer hereby agrees that specific enforcement of the Developer's agreement to comply with the rent and occupancy restrictions of this Agreement is the only means by which the Authority may obtain the benefits of the Very Low Income Units and Lower Income Units, and the Developer therefore agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Developer in complying with the rent and occupancy restrictions of this Agreement. The Authority's measure of damages for a failure by the Developer to comply with the rent and occupancy restrictions of this Agreement shall be the cost to the Authority to construct, including hard and soft costs, twenty-five (25) units to replace the twenty-five (25) Very Low Income Units and Lower Income Units of equivalent quality to the project, as determined by an independent appraisal by an appraiser mutually acceptable to the parties, or if no such appraiser is selected, as

determined by the average of the two appraisals prepared by one appraiser each selected by the Authority and the Developer.

10. The Developer shall provide an annual audited financial statement and any additional information reasonably requested by the Authority. The Authority shall have the right to examine and make copies of all books, records or other documents of the Developer which pertain to any Unit.

11. The Authority shall be a third-party beneficiary of the rent and occupancy restrictions of the HCD Regulatory Agreement and as such shall be authorized to enforce the rent and occupancy restrictions of the HCD Regulatory Agreement against the Partnership in accordance with its terms, and shall be entitled to enforce the provisions of the rent and occupancy restrictions of the HCD Regulatory Agreement after its termination throughout the term of this Agreement.

12. The Partnership shall provide the Authority with an executed copy of the HCD Regulatory Agreement.

13. General Provisions.

a. Notices, Demands and Communications. Formal notices, demands, and communications between the Authority and the Developer shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally, to the principal office of the Authority and the Developer as follows:

Authority:

Housing Authority of the City of Napa
1115 Seminary Street
Napa, California 94559-0660

Developer:

Mayacamas Village Associates
2125 19th Street, Suite 101
Sacramento, California 95818

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this paragraph.

b. Conflict of Interests. No member, official or employee of the Authority shall make any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

c. Non-Liability of Authority Officials, Employees and Agents; Non-Liability of Developer's Members. No member, official, employee or agent of the Authority or the City of Napa shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

d. Inspection of Books and Records. Upon request, the Developer shall permit the Authority to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Developer necessary to determine Developer's compliance with the terms of this Agreement. The Developer also has the right at all reasonable times to inspect the books, records and all other documentation of the Authority pertaining to its obligations under this Agreement.

e. Provision Not Merged with Deeds. None of the provisions of this Agreement are intended to or shall be merged by any grant deed transferring title to any real property which is the subject of this Agreement from the Authority to the Developer or any successor in interest, and any such grant deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

f. Hold Harmless. The Developer shall defend the Authority against any claims or litigation of any nature whatsoever brought by third parties and directly arising from Developer's performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the Authority free and harmless therefrom.

g. Rights and Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other party.

h. Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

i. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

j. Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the party prevailing in any such action shall be entitled to recover against the party not prevailing all reasonable attorney's fees and costs incurred in such action.

k. Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the parties hereto except that there shall be no transfer of any interest by any of the parties hereto except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

l. Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the parties as partners, co-venturers, or principal and agent with one another.

m. Identity and Authority of Developer. The person executing this Agreement on behalf of the Developer does hereby covenant and warrant: that the Developer is a duly authorized and existing California limited partnership; that the Developer is and shall remain in good standing and qualified to do business in the State of California; that the Developer has full right, power and authority to enter into this Agreement and to carry out all actions on its part contemplated by this Agreement; that the execution and delivery of this Agreement were duly authorized by proper action of the Developer and no consent, authorization or approval of any person is necessary in connection with such execution and delivery or to carry out all actions on the Developer's part contemplated by this Agreement, except as have been obtained and are in full force and effect; that the person executing this Agreement on behalf of the Developer has full corporate authority to do so; and that this Agreement constitutes the valid, binding and enforceable obligation of the Developer.

14. All of the terms and conditions of the HCD Regulatory Agreement with respect to the rent and occupancy provisions are incorporated in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

MAYACAMAS VILLAGE ASSOCIATES, a
California Limited Partnership

By: Rural California Housing
Corporation, a California
nonprofit public benefit
corporation, its general
partner

By: Stanley Keasling
Its: Secretary/General Partner

Stanley Keasling

HOUSING AUTHORITY OF THE CITY OF
NAPA

By: Ed Solomon

Its: Chairman

Ed Solomon

ATTEST:

Pamyla Means

Pamyla Means, City Clerk

Jed Christensen
Jed Christensen, Finance Dir.

APPROVED AS TO FORM:

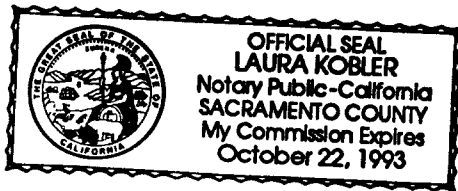
John L. Cook
John L. Cook, City Attorney

ACKNOWLEDGEMENT

State of California)
) ss.
 County of Sacramento)

On this 7 day of Dec. in the year of 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Stanley Keasling personally known to me or proved to me on the basis of satisfactory evidence to be the Secretary, of Rural California Housing Corporation, the general partner of the limited partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such limited partnership executed the within instrument.

WITNESS my hand and official seal.

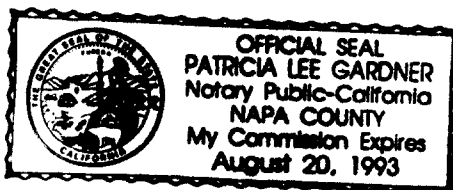


Laura Kobler
 Notary Public in and for said State.

State of California)
) ss.
 County of Napa)

On this 11 day of December in the year of 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Ed Solomon and Pamyla Means personally known to me or proved to me on the basis of satisfactory evidence to be the Chairman and City Clerk of Housing Authority of the City of Napa and acknowledged to me that such corporation executed the within instrument.

WITNESS my hand and official seal.



Patricia Lee Gardner
 Notary Public in and for said State.

EXHIBIT A

LEGAL DESCRIPTION

APN 4-530-46, 26, 36 and
Ptn. APN 4-530-41

All that certain real property situate in the City of Napa, County of Napa, State of California, described as follows:

Commencing at the Southwestern corner of Parcel Two as described in the deed to Stefanie Paulo, et al, recorded October 7, 1954 in Book 454 of Official Records at page 519, Napa County Records; thence North 84 degrees 30' East along the Southern line of said parcel 77.54 feet to the Southeastern corner of said Parcel Two, said point being an angle point in the Eastern line of the parcel of land described in the deed to John J. Freitas, et al, recorded July 30, 1945 in Book 230 of Official Records at page 107, said Napa County Records; thence South 05 degrees 10' East along the Eastern line of said Freitas parcel 348.88 feet to the Southeastern corner of said Freitas parcel; thence West along the Southern line of said Freitas parcel 206.13 feet to the Southwestern corner of said Freitas parcel, said point being also that Southeastern corner of the parcel of land as described in the deed to Albert L. Knight et ux, recorded October 2, 1987 in Book 1542 of Official Records at page 438, said Napa County Records; thence West along the Southern line of said Knight parcel 293.00 feet to the Southwestern corner of said Knight parcel; thence along the Western and Northern lines of said Knight parcel the following courses: North 05 degrees 03' West 35.50 feet, North 79 degrees 37' East 40.00 feet, North 05 degrees 03' West 132.80 feet and East 72.66 feet to the southwestern corner of Parcel One as described in the deed to the Housing Authority of the City of Napa, a Public Authority duly organized under the laws of the State of California, recorded October 31, 1990 in Book 1777 of Official Records at Page 780, said Napa County Records; thence North 5°03' West along the western line of said Parcel One 100 feet to the northwestern corner of said Parcel One; thence East along the northern line of said Parcel One and its easterly prolongation 112.66 feet to the western line of Parcel Two as described in said deed to the Housing Authority of the City of Napa; thence North 5°03' West along said western line 10.00 feet to the northwestern corner of said Parcel Two; thence East along the northern line of said Parcel Two 70.00 feet to the Western line of said Freitas parcel; thence Northerly along said western line 41.24 feet more or less to the point of intersection with the Westerly prolongation of said Southern line of said Paulo parcel, thence North 84 degrees 30' East along said Westerly prolongation 128.63 feet more or less to the point of commencement.