Las Brisas Specific Plan
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Las Brisas Specific Plan
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Purpose of the Specific Plan

The purpose of the Las Brisas Specific Plan is to allow the development of forty-one (41) detached single family dwelling units on 2.61 acres of land located at the southeast corner of Huntington and Mount Olive Drives. The Specific Plan process will allow the City to incorporate considerable detail into the Development Plan so as to make the project compatible with the existing neighborhood. This Specific Plan will be a regulatory document establishing land use criteria and development standards.

The Las Brisas Specific Plan fulfills the intent of the Specific Plan requirements of the State of California and the City of Duarte.

Authority

The Las Brisas Specific Plan has been prepared in conformance with California Government Code, Sections 65450-65457 which regulates the preparation of specific plans. In addition, all applicable ordinances of the City of Duarte have been incorporated into the plan and the final document will replace zoning and land use regulations currently existing on the site. The land use standards outlined in the Las Brisas Specific Plan shall govern all areas within the project.

All ordinances, regulations, policies, and other guidelines applicable to the property not covered in this Specific Plan shall remain in effect. Any development standard not covered or addressed in this document, shall conform to the PUD, Planned Unit Development Zone.

Interpretation

The Community Development Director of the City of Duarte, or assigned designee, shall have the responsibility to interpret the proposed Specific Plan and its provisions. All interpretations shall be in writing to ensure consistency of interpretations. Such interpretations shall be permanently maintained by the City of Duarte and available to the general public.

Physical Setting

This section of the Specific Plan is intended to provide information regarding the physical characteristics of the site and the intended use of the subject property.

Project Location

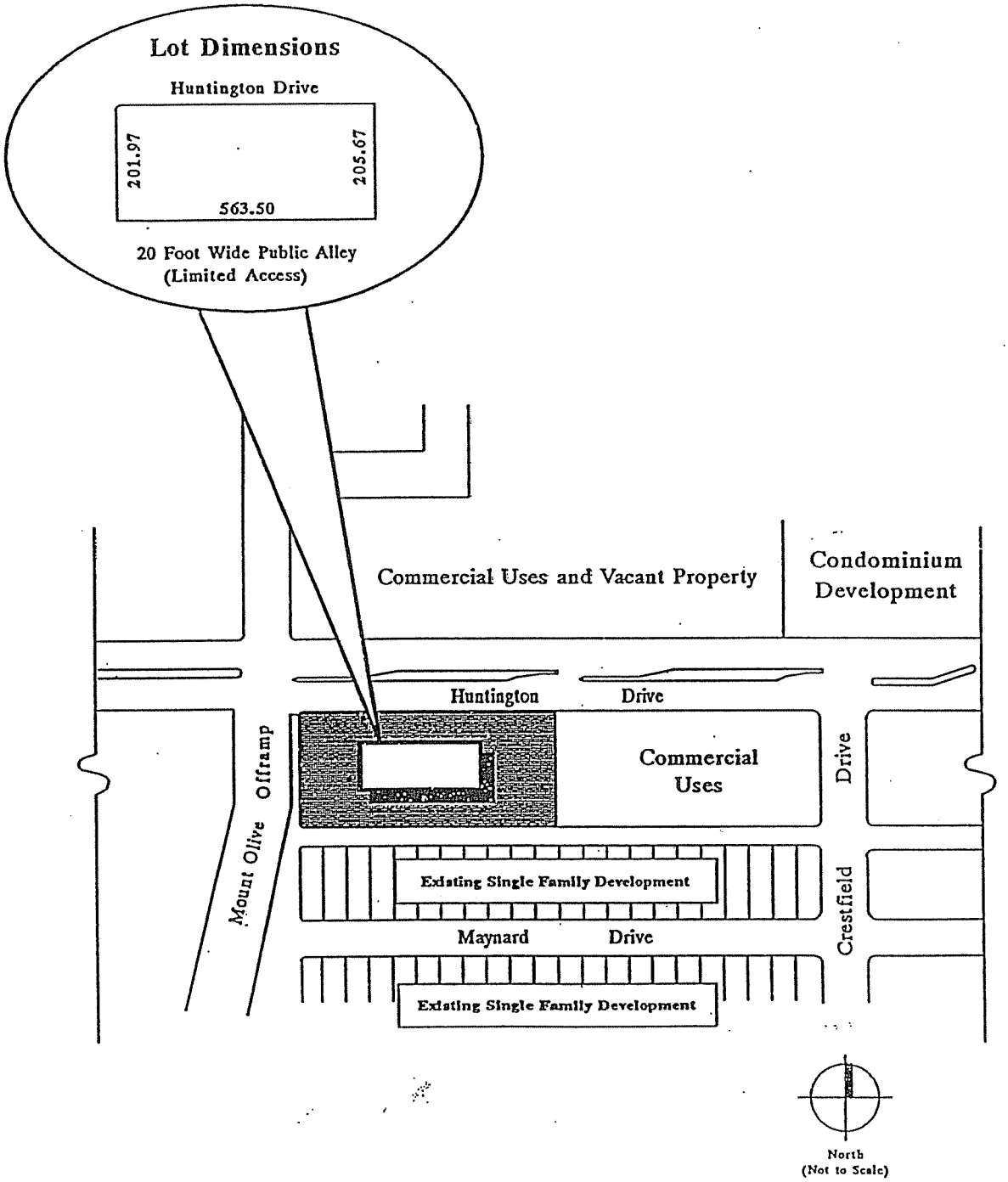
The Las Brisas Specific Plan consists of 2.61 acres of vacant property, located at the intersection of the Mount Olive off-ramp, and Huntington Drive in the City of Duarte (Figure 1). The Mount Olive off-ramp provides regional access to the City from the Foothill Freeway (RTE 210) and the San Gabriel River Freeway (RTE 605).

Vehicular access to the site will be provided by Huntington Drive, a major arterial highway that serves as an east/west transportation corridor through the City of Duarte and adjacent cities. The project site is also served by a publicly dedicated alley to the south of the subject property , however, no access from the alley will be provided.

Project Description

The Las Brisas Specific Plan will allow the development of forty-one (41) detached single family dwelling units on postage stamp lots and a public street system with associated off-street parking. Access to the site will be from Huntington Drive via a twenty-six foot wide drive approach located at the easterly end of the subject property (Figure 2). There will be no vehicular or pedestrian access from the public alley to the south of the site. The drive approach on Huntington Drive will serve a twenty-six foot wide public street system.

The proposed development is intended to provide affordable home ownership opportunities for moderate income households. The land use section of this document describes the project in greater detail.



Las Brisas Specific Plan

Project Location

Figure 1

Conformance with City Plans

The development of the subject property is regulated by the City of Duarte through its General Plan, Zoning Ordinance and the Huntington Drive Phase II Redevelopment Plan. The following discussion reviews the proposed project and determines conformity with the existing plans.

General Plan

The City's General Plan designates the subject property as Medium Density Residential. Under this land use classification, the site could be developed with apartments, condominiums or townhouses at nine (9) to twenty-one (21) dwelling units per acre. The proposed development has an overall density of fifteen units to the acre.

The Circulation Element of the City's General Plan is directly related to the Land Use Element and its policies. The Circulation Element incorporates the planned growth of the subject property on the City's circulation system. The proposed Specific Plan will not impact the existing system, however, modifications to the Huntington Drive median island will be required.

In accordance with the Noise Element, the development will incorporate construction techniques to reduce noise levels associated with Huntington Drive and the Mt. Olive off-ramp. The development of the site will not adversely affect existing noise levels by increasing these levels.

As stated earlier, this project will provide affordable housing opportunities for moderate income households. This concept is directly related to the Housing Element's goal of increasing home buying opportunities for low and moderate income households.

Zoning

Current zoning on the subject property consists of the R-3, Multiple Residential Zone (Medium Density). This classification allows the development of apartments, condominiums and townhomes at twenty-one (21) units to the acre. The specific plan will replace the R-3 zoning regulations and constitute zoning for the site. All development standards and land use regulations are defined in this document.

Redevelopment Plan

The subject property is located in the Huntington Drive Phase II Redevelopment Project Area. All uses proposed to be located in the project area shall be approved by the Redevelopment Agency. A major objective of the redevelopment plan is to encourage and facilitate the construction of medium density residential development. It is intended for new residential development to be compatible with adjacent properties and be well landscaped to enhance the living environment. The proposed development meets and exceeds these objectives.

Development Plans

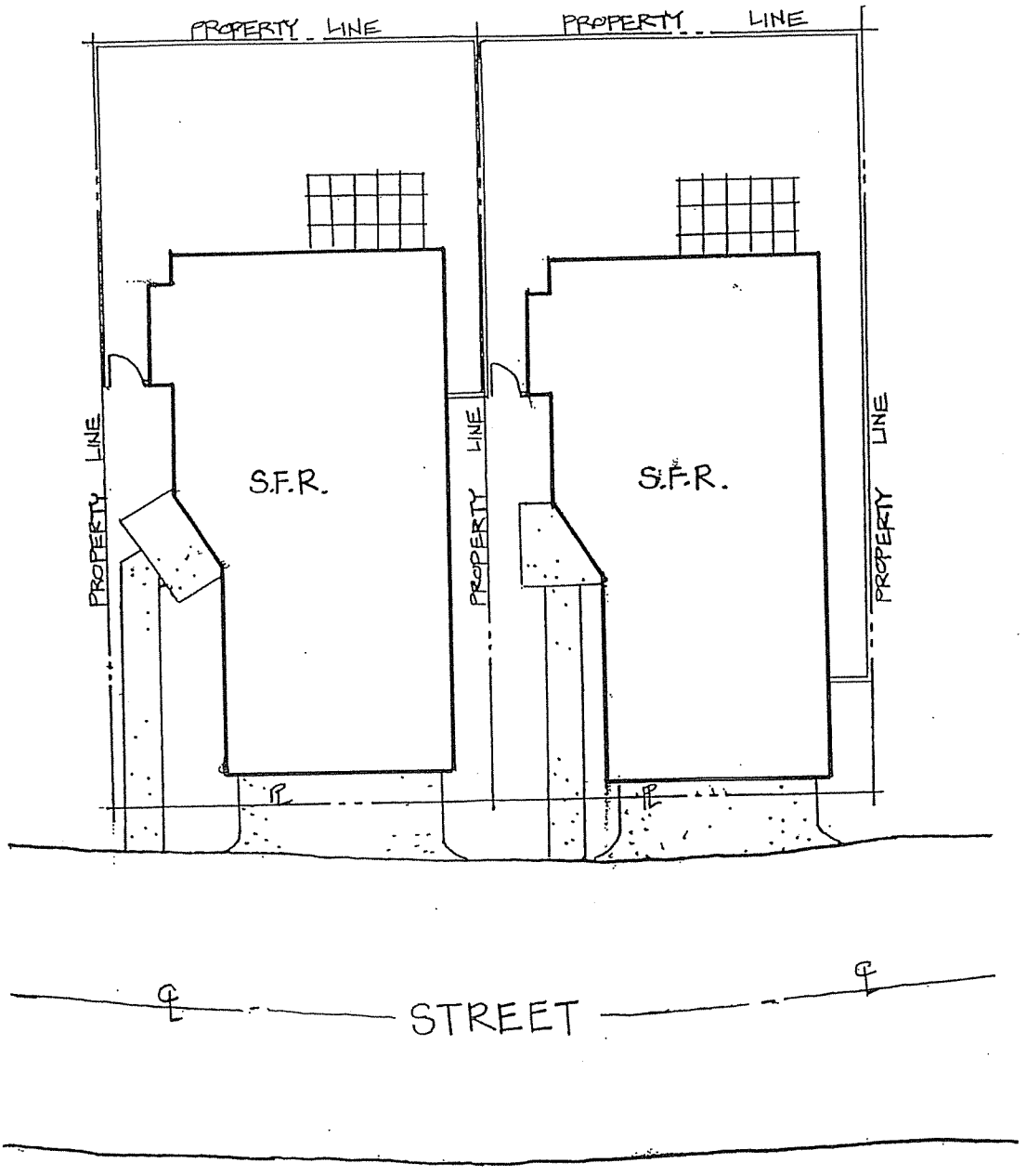
The development plan consists of the following components; land use, circulation, landscaping, architectural concepts, and public infrastructure. The following discussion describes these plan components in greater detail.

Land Use

The proposed land use for the project consists of detached single family dwelling units on postage stamp lots. The project has been designed to be commensurate with the single family neighborhood to the south and similar developments on Huntington Drive. The project will be subdivided into forty-one residential lots, ranging in size from 1,679 square feet to 2,751 square feet. The remainder of the site will be developed with a twenty-six foot wide public street system and off-street parking facilities.

Each of the lots will be developed as a "patio lot" or small postage stamp lot, to accommodate both the housing unit and private open space (Figure 3). In addition, areas of each lot that are outside the private open space will be placed in a landscape district to ensure perpetual maintenance (Figure 4).

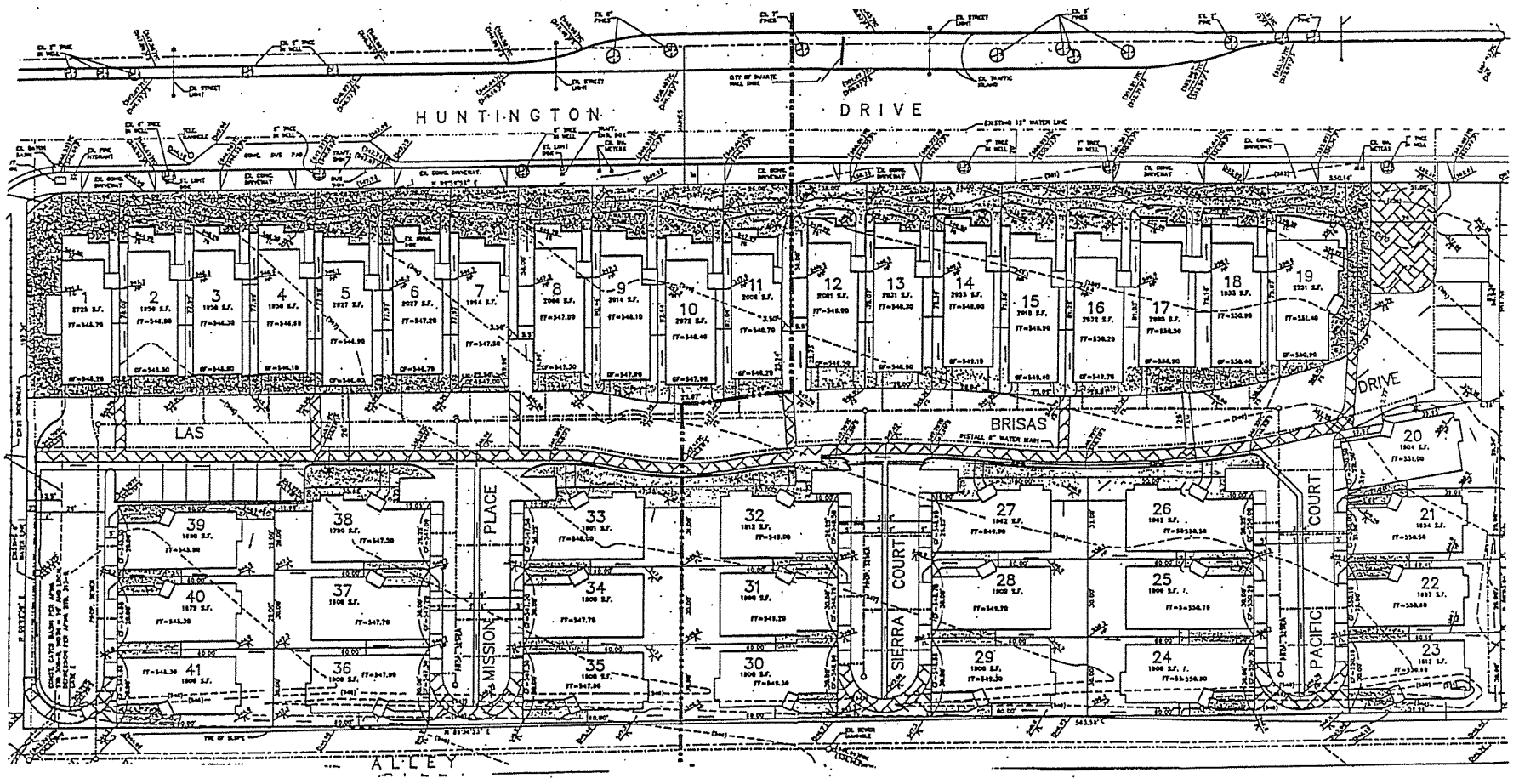
As previously stated, each residential unit has private open spaces consisting of ground level patios and courtyards. Those units off of Huntington Drive will have rear yards. In addition, each unit will have balconies for outside activities.



Las Brisas
Specific Plan

Typical Lot Design

Figure 3



Las Brisas
Specific Plan

Landscape Maintenace Area

Figure 4

Open space for each lot varies with lot coverage ranging from 35 percent to 55 percent. Table I identifies a detailed site analysis of the proposed project area.

TABLE I
Las Brisas Specific Plan
Site Analysis

Total Area	114,563 (100%)
Building Area	37,805 (33%)
Public Streets	35,653 (31%)
Open Space	41,105 (36%)
Number of Units	41
Dwelling Unit Density	15.5 units per acre
Parking	
Open Spaces	21 spaces
Covered Spaces	82 spaces
Typical Lot Condition	
Plan I (Typical)	
Lot Size	2,000 Square Feet (100%)
Building Coverage	880 Square Feet (44%)
Open Space	1,120 Square Feet (56%)
Plan II (Typical)	
Lot Size	1,700 Square Feet (100%)
Building Coverage	900 Square Feet (53%)
Open Space	1,100 Square Feet (47%)
Plan III (Typical)	
Lot Size	1,800 Square Feet (100%)
Building Coverage	935 Square Feet (52%)
Open Space	865 Square Feet (48%)

Circulation

The Las Brisas Specific Plan allows for the development of a twenty-six (26) foot wide public street system with no on-street parking. The circulation system allows vehicular access to each individual lot through a two-car garage with automatic roll-up garage door. Dispersed throughout the site are twenty-one open parking spaces for visitor and resident parking. As indicated earlier, access to the site is provided by a twenty-six foot drive approach off Huntington Drive.

The internal circulation system features four cul-de-sacs and a curvelinear street featuring Asphaltic concrete and decorative concrete paving. No vehicular access to the alley will be allowed unless Fire Department regulations require an emergency gate.

Off-street parking of recreational vehicles, trailers and boats will be prohibited. The internal street system will be maintained by the City of Duarte.

Landscaping

In order to make the site attractive and more livable, the use of mature landscaping will be utilized. Landscaping will be used as visual and noise buffers along Huntington Drive. Medium scale and canopy trees will define the main entry. Trees, annuals, shrubs, turf and groundcover will be used extensively throughout the development.

All landscaped areas will be maintained by the City of Duarte with the exception of the Private areas. All areas maintained by the City will be placed in a Landscape District to ensure perpetual maintenance.

Architectural Concepts

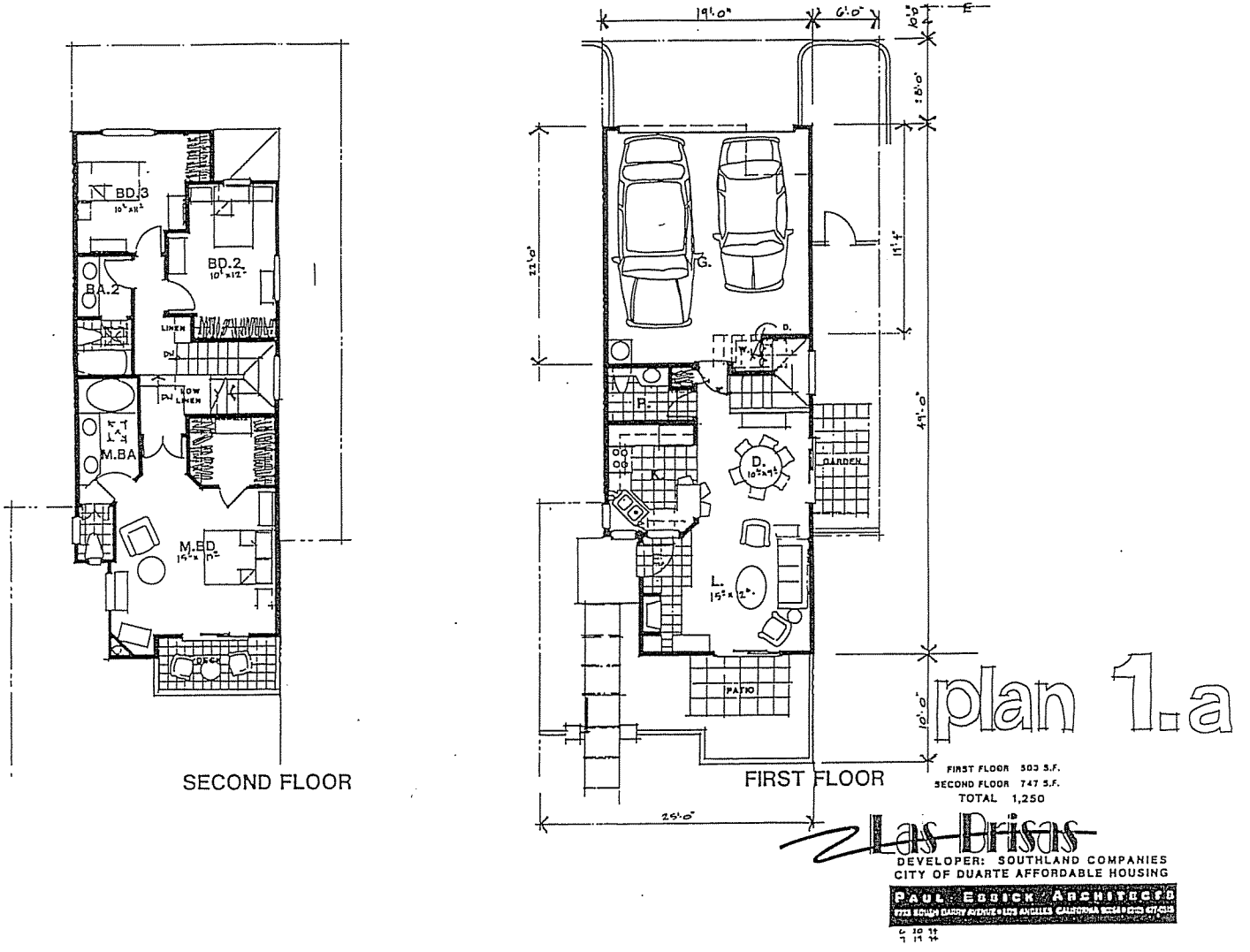
Given the environmental setting of the site, it is important that the development be of high quality and commensurate with previously approved housing developments on Huntington Drive. The architectural style should enhance the view from Huntington Drive as well as adjacent properties. With this in mind, the development will utilize the City's "Early California" design theme. The project will utilize various setbacks, exterior shapes and elevations to maximize the aesthetic appeal throughout the site and along Huntington Drive (Figure 5).

The development will feature three different floor plans (Figure 6,7 and 8) with 10 different elevations. Some of the exterior design features include concrete tile roofs, attached 2-car garages with direct interior access, coordinated exterior and interior color combinations, elegant entries with solid wood doors and bronzed hardware and side yard masonry walls.

Their will be three distinct floor plan with slight variation in Floor Plans I and III. All plans will feature a kitchen, 2.5 bathrooms, living room and dining area and two to four bedrooms. Table II provides a breakdown of the unit type. Interior designs will feature a two story volume ceiling in the entryway and 9 foot ceilings in the living room, dining room and master suite (Figure 7). Ceramic tile floors in entry, fireplace, Central air for heating and cooling, per-wired cable rooms, major manufacture appliances, walk-in closets recessed lighting wood cabinet.

TABLE II
Las Brisas Specific Plan
Proposed Floor Plans

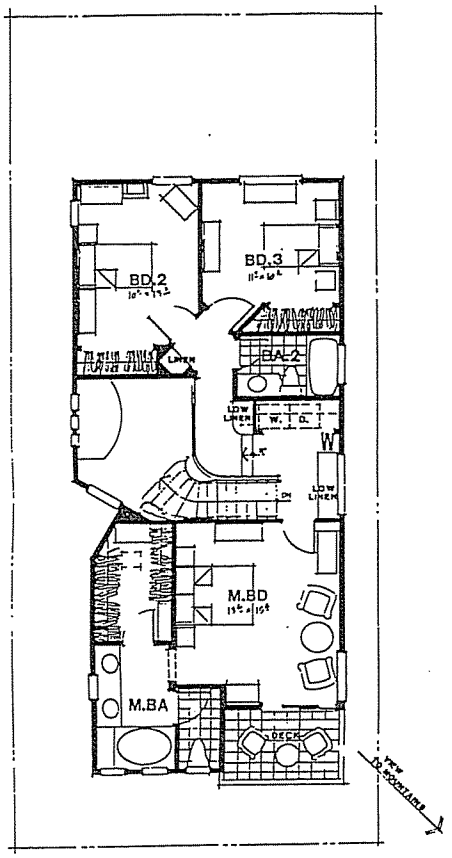
Plan Type	Square Footage	Bedrooms	Baths	Total Units
I	1,250	3	2.5	12
Ia	1,250	2	2.5	6
II	1,391	3	2.5	12
III	1,445	3	2.5	6
IIIa	1,552	4	2.5	5

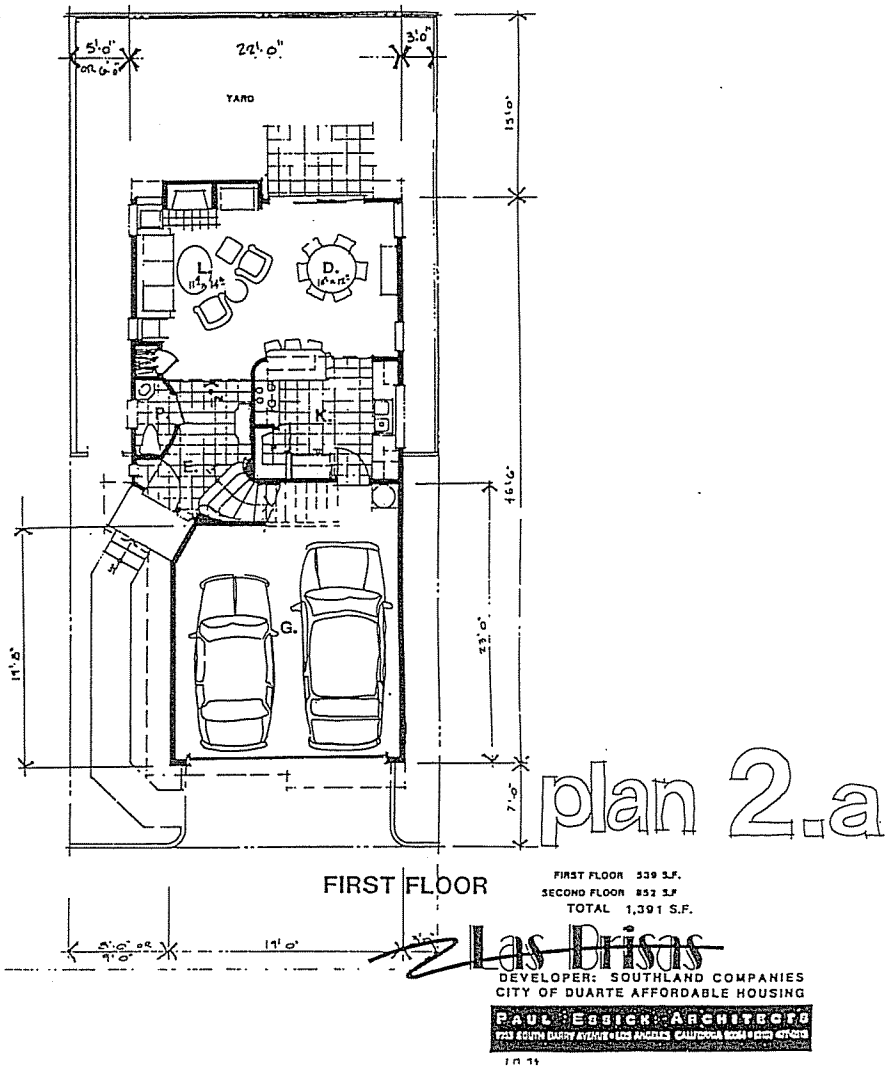


Las Brisas
Specific Plan

Floor Plan 1-A

Figure 6





plan 2.a

FIRST FLOOR 539 S.F.
SECOND FLOOR 852 S.F.
TOTAL 1,391 S.F.

Las Brisas

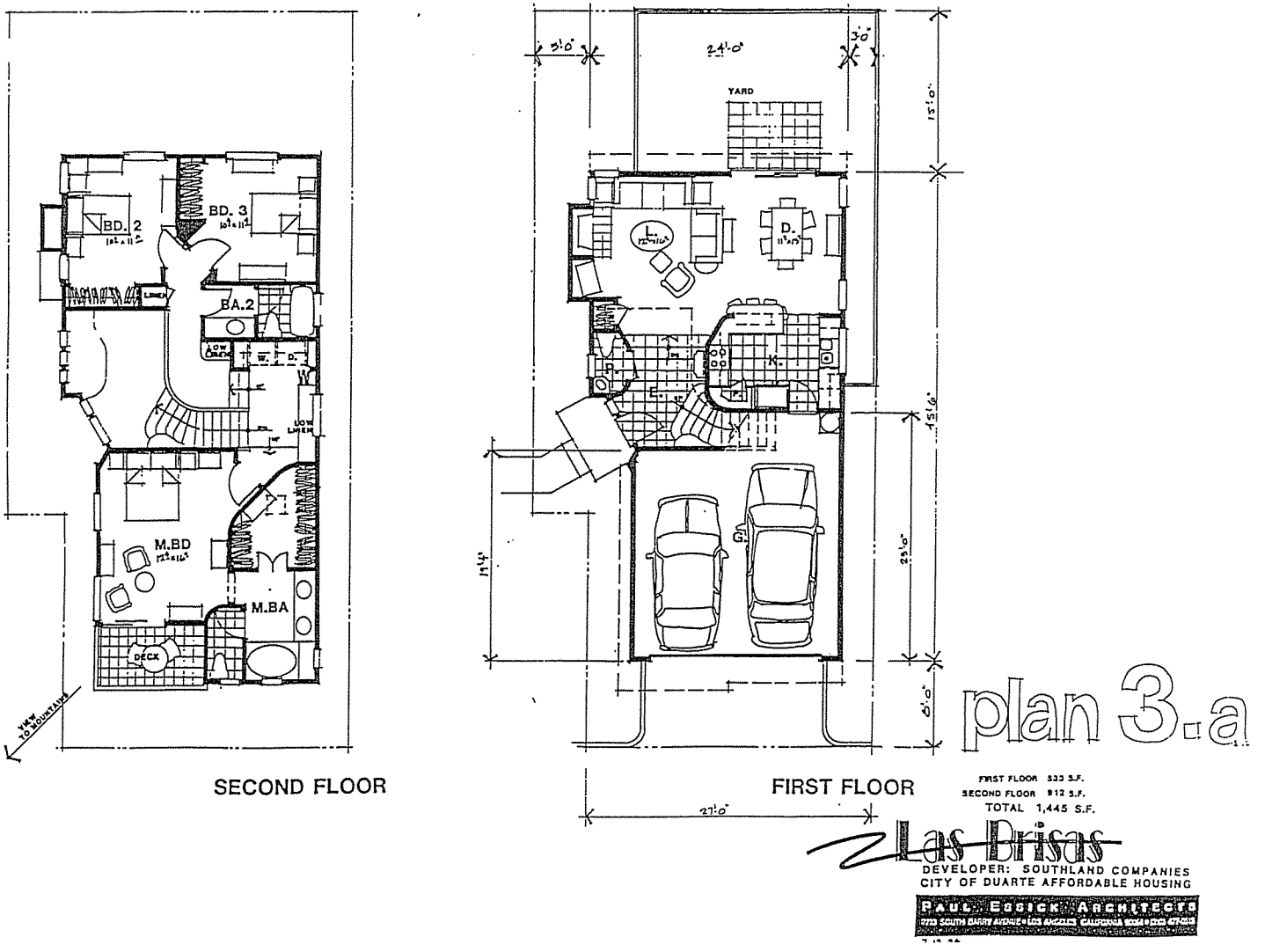
DEVELOPER: SOUTHLAND COMPANIES
CITY OF DUARTE AFFORDABLE HOUSING

PAUL ESSICK ARCHITECTS

Las Brisas
Specific Plan

Floor Plan 2-A

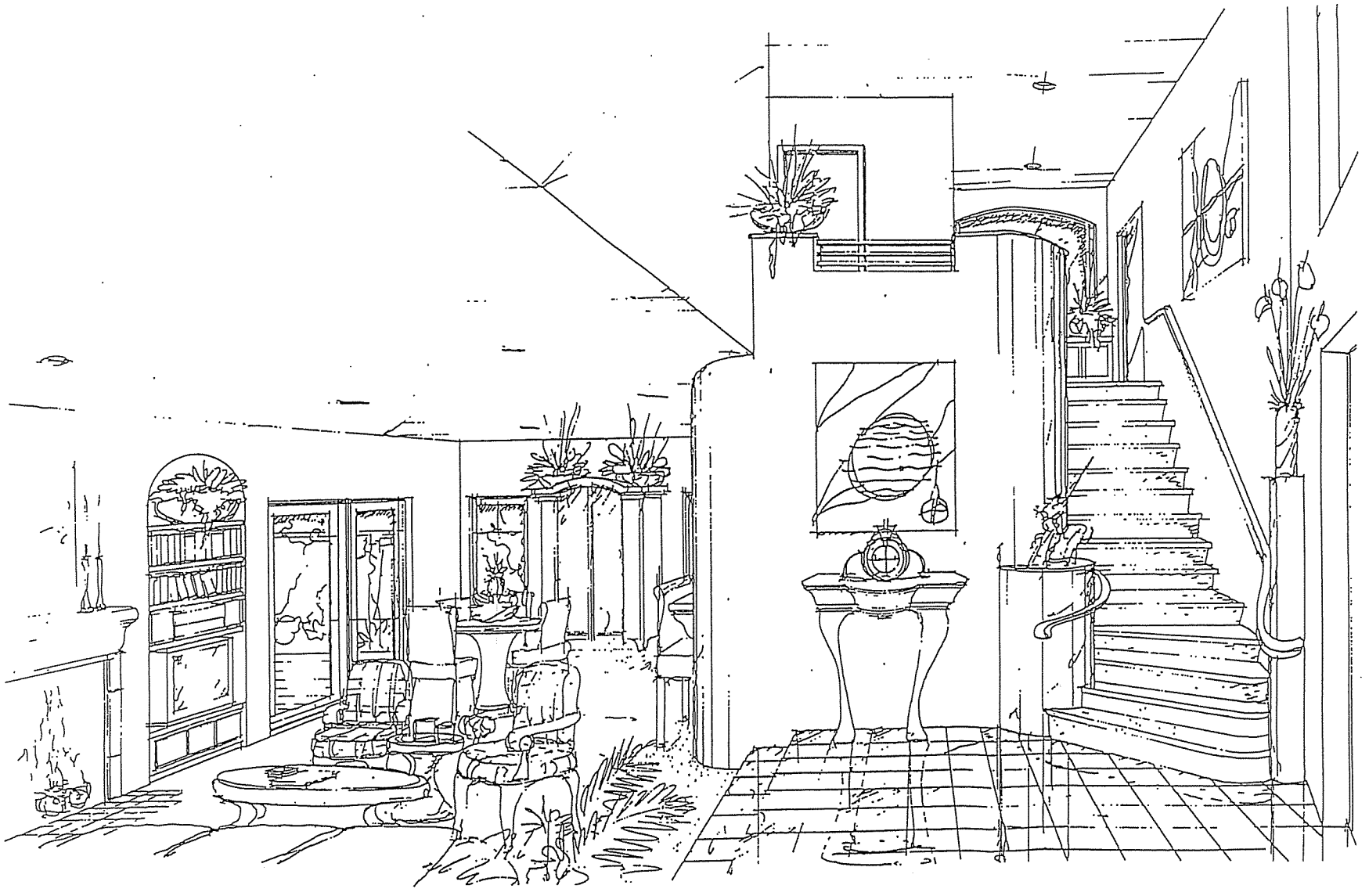
Figure 7



Las Brisas
Specific Plan

Floor Plan 3-A

Figure 8



Las Brisas
Specific Plan

Typical Interior Elevation

Figure 9

Infrastructure/Public Services

The project site is located in an area of the City which has a completed infrastructure. The following section discusses this infrastructure and the necessary steps required to tie the project into the system.

Existing water runoff is generally in a south easterly direction towards the alley. A grading plan shall be submitted and approved prior to the development of the property. There are no significant drainage problems on the site.

Access to the site is provided by Huntington Drive. The median island on Huntington Drive will have to be modified to provide access into the site. A new public street system will be constructed that will feature a twenty-six foot wide street with no on-street parking. A lighting plan will be submitted to the City Engineer for approval prior to occupancy of any of the units.

The project site is located in Los Angeles County Sanitation District No. Twenty-two. The project will be connected to the public sewer system at the time of development. Plans will be submitted to and approved by the Los Angeles County Sanitation District and City Engineer.

The disposal of solid waste will be handled by Newco Disposal Systems. Automated service will be provided to each individual unit. The design of the units will incorporate the trash pick-up. Plans detailing the location and materials of the trash enclosures shall be submitted to and approved by the City's Architectural Review Board.

A variety of public transportation opportunities will be available to new residents in the development. The Foothill Transit District operates a number of bus lines throughout the City. Foothill Transit Line No. 187 travels along Huntington Drive. The line allows an individual to utilize other bus lines within the City of Duarte as well as to other lines that service other portions of the County and the surrounding region. Regional transit is also provided by the Los Angeles County Metropolitan Transportation Agency (MTA).

In addition, the City currently operates a transit system on a fixed route basis. The proposed Specific Plan will not require an expansion of the existing transportation services.

Development Standards

I. Purpose and Intent

The following development standards are applicable to all dwellings and structures constructed within the Las Brisas Specific Plan area. The purpose of these standards is to provide for a residential environment, sensitive to the area in which it is intended to be developed.

II. General Development Standards

1. Each residential structure or dwelling unit shall be located on an individual parcel. There shall be no more than one residential dwelling unit per parcel.

2. Each parcel of land permitted to be developed shall have vehicular access from a public street.

3. The overnight and/or outdoor storage of recreational vehicles, boats, trailers, etc., is prohibited in the Specific Plan area, except for temporary loading and unloading.

4. Accessory structures not attached to the main structure are prohibited.

5. Any development standard not provided for in this Specific Plan shall be in accordance with the PUD, Planned Unit Development Zone.

6. All utilities into the site shall be placed underground. The Edison poles on the south property line shall be allowed to remain.

7. Outdoor street lighting shall be decorative in a form approved by the City's Architectural Review Board.

8. All areas identified on the Final Tract Map shall be placed in a landscape district.

III. Permitted Uses

1. Detached single family units subject to the provisions of the development standards of this Specific Plan.

2. Spas, fountains, outdoor recreation facilities or related improvements.

3. Off-street parking structures.

4. Home Occupancy permits.

5. Signs shall be permitted for the identification of the development only, and subject to approval by the City's Architectural Review Board. Other types of signs shall be prohibited.

IV. Uses Expressly Prohibited

The following uses are expressly prohibited in the Las Brisas Specific Plan area:

1. Other uses not specifically listed in Section IV.

2. Automotive Repairs.

3. Violations of the established covenants, conditions, and restrictions (CC & R's).

V. Permitted Temporary Uses

1. Real Estate signs relating to the sale, lease, or other disposition of real property on which the sign is located, are permitted as set forth in the Duarte Municipal Code. The location of such signs shall be subject to the review and approval by the City's Architectural Review Board.

VI. Site Development Standards

1. Minimum Lot Size - 1,679 Square Feet.

2. Maximum Building Height - 30 Feet.

Exceptions: Roof structures (i.e. ventilating fans, chimneys, domestics radios and television masts) may exceed the maximum building height subject to approval by the City's Architectural Review Board.

3. Building Setbacks: Front yards shall be measured perpendicular to the property line and shall be permanently maintained. At no point shall new development be allowed to occur which reduces any setback from its original design. No building or structure shall occupy any required yard area. The side yard that has been dedicated to the adjoining property shall remain open and no windows shall be allowed on any addition that follows that wall.

a. The front yard setback distance on Huntington Drive shall range from 23 feet to 28 feet. Front yard setbacks on all other streets shall be 2 to 5 feet.

b. Side yards - 3 feet.

c. Rear yard - 2 feet.

d. Eaves, cornices, and other architectural features. Architectural features such as eaves, cornices, canopies, cantilevered roofs and chimneys and wing walls may project into the required setback. This projection shall be limited to no more than 30 inches. Limited projections shall be allowed on the side yard that is a dedicated easement to the adjoining property subject to approval by the Architectural Review Board.

4. Lot Coverage: Buildings and structures shall not occupy more than 45% of lot area for Plan I and 65% for Plan II Plan III. the total site.

a. No accessory structures, air conditioners, or pool or spa equipment shall be located to occupy any portion of the front setback area.

5. Parking - Each dwelling unit shall have and maintain two covered parking spaces. Said spaces shall have garage doors with automatic garage door openers. At no time shall less than 21 open spaces be provided on the site for visitor and resident parking.

6. Walls - No wall shall exceed eight (8) feet in height. The front yard wall shall range in size from 4.5 feet to six (6) feet in height. All walls shall be decorative and be approved by the City's Architectural Review Board.

Required Approvals

The following documents will be prepared for approval by the City of Duarte to ensure that development of the site proceeds in an orderly fashion. These applications shall be approved prior to the issuance of building permits.

Environmental Review

The City of Duarte will prepare an environmental review of the Specific Plan as required by the California Environmental Quality Act (CEQA) to determine the potential environmental effects.

Specific Plan

This Specific Plan will be reviewed and approved by the City of Duarte to provide land use, design, and other controls in the project area and to insure conformance with the City's General Plan.

Architectural Review Board

The developer of the site shall prepare and record Covenants Conditions and Restrictions's for the site. The CC & R.'s shall establish an architectural review committee composed of current property owners. All future architectural plans shall be approved by the Las Brisas Architectural Committee and the City's Architectural Review Board. Plans shall conform to all regulations of the Las Brisas Specific Plan.

Tentative Tract Map

A Tentative Tract Map shall be prepared and submitted to the City of Duarte for its review and approval. Said map shall be consistent with this Specific Plan.

Disposition and Development Agreement

A Disposition and Development Agreement (DDA) shall be approved by the City of Duarte ensuring the quality of development and affordability of the units. The Zone Change and Tentative Tract Map are conditioned based upon approval of the DDA.

Conditions, Covenants and Restrictions

The developer of the site shall prepare and record CC & R.'s for the site. Said CC & R's shall be recorded prior to the issuance of an occupancy permit on the first unit.

Implementation

The following section is intended to provide provisions for amendments major and minor to this specific plan once it is implemented.

Major Changes

Any homeowner may initiate an amendment to the provisions if substantial changes are required. An amendment to the Las Brisas Specific Plan shall be in conformance with California Government Code (Section 65450 through 65457). Revisions to the map shall be in accordance with the California Subdivision Map Act and City of Duarte's procedures for implementation of the Map Act.

Minor Changes

Minor revisions or modifications to approved component plans, may be approved by the Community Development Director. Minor revisions and modifications shall be defined as and shall include the following:

a. Parking and circulation configurations which do not change the basic parking areas or circulation concept;

b. Building placements which do not change the general location and layout of the site;

c. Grading alternatives which do not change the basic concept, increase slopes, or change course of drainage which could adversely effect adjacent or surrounding properties;

d. Architectural or landscape architectural modifications which do not alter the overall design concept or significantly reduce the affect originally intended.

Las Brisas Homes

Disposition

and

Development Agreement

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

THE REDEVELOPMENT AGENCY OF THE CITY OF DUARTE
a Public Body, Corporate and Politic

and

LAS BRISAS-DUARTE LIMITED
a California Limited Partnership

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ATTACHMENTS

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF DUARTE, a public body, corporate and politic ("Agency"), and LAS BRISAS-DUARTE LIMITED, a California limited partnership ("Developer").

I. (§100) PURPOSE OF THE AGREEMENT

A. (§101) Purpose of the Agreement

This Agreement and the Attachments hereto are intended to effectuate the Redevelopment Plan by providing for the disposition of a portion of the Project Area designated herein as the "Site." The disposition and development of the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Duarte ("City") and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

II. (§200) DEFINITIONS

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

The term **"ADA"** shall mean the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101, et seq.).

The term "**Additional Payment**" shall mean, as further described in Sections 501.4 and 501.5, Developer's additional payment to Agency in the event Developer sells any Restricted Unit as an Unrestricted Unit, as such sale may be permitted by this Agreement.

The term "**Agency**" shall mean the Redevelopment Agency of the City of Duarte, a public body, corporate and politic, having its offices at 1600 Huntington Drive, Duarte, California 91010. The term "Agency" as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the Redevelopment Agency of the City of Duarte. Unless specifically stated to contrary, Agency's Executive Director shall have the authority to act on behalf of the Agency in rendering or providing any approval or disapproval required of Agency by this Agreement (with the exception of approval of the Agreement itself), and shall also have the authority to approve and execute all documents on behalf of Agency that may be necessary to implement the terms of this Agreement. The above scope of authority shall apply whether the reference in this Agreement is to "approval of the Agency," "approval of the Agency's Executive Director," or any other like or similar phrase indicating an approval by the Agency.

The term "**Agency Guaranty**" shall have the meaning ascribed in Section 406 of this Agreement.

The term "**Agency's Executive Director**" or "**Executive Director**" shall mean the Executive Director of the Redevelopment Agency of the City of Duarte, or successor, and the Executive Director's designee(s).

The term "**Agreement Containing Covenants Affecting Real Property**" shall mean that certain agreement to be recorded against each Parcel comprising the Site as required by Sections 309, 310, and 506 of this Agreement. Such agreement shall be recorded at the closing for each Phase against each parcel for that Phase. The form of the Agreement Containing Covenants Affecting Real Property shall be as set forth in Attachment No. 10 attached hereto.

The term "**Approved Title Condition**" shall have the meaning ascribed in Section 312 of this Agreement.

The term "**CC&R's**" shall mean a Declaration of Covenants, Conditions, and Restrictions to be recorded against each parcel comprising the Site pursuant to Section 307.

The term "**Certificate of Completion**" shall have the meaning ascribed in Section 419 of this Agreement. The form of the Certificate of Completion shall be as set forth in Attachment No. 8 to this Agreement.

The term "**City**" shall mean the City of Duarte, a municipal corporation, organized under the laws of the State of California and having its offices at 1600 Huntington Drive, Duarte, California 91010. The City is not a party to this Agreement and shall have no rights or obligations hereunder.

The term "**Closing Date**" shall have the meaning ascribed in Section 308.3 of this Agreement.

The term "**Construction Loan**" shall mean that loan which may be obtained by Developer to finance a portion of the cost of acquiring the Site and constructing the Project thereon, as more particularly set forth in Section 314 of this Agreement.

The term **"Deed of Trust"** shall mean the deed of trust to be executed and acknowledged by Developer and recorded against each parcel comprising the Site which secures Developer's obligation to pay the portion of the Purchase Price allocated thereto in accordance with the Promissory Note. The form of the Deed of Trust is set forth in Attachment No. 6.

The term **"Developer"** shall mean Las Brisas-Duarte Limited, a California limited partnership, having its offices at 2990 East Colorado Boulevard, Suite C-105, Pasadena, California. The general partner of Developer is Arcanum Investments, Inc., a California corporation. The term "Developer" includes any legally permissible assignee or successor to the rights, powers, and responsibilities of Developer hereunder, in accordance with Section 414 of this Agreement.

The term **"Environmental Laws"** shall mean any federal, state, or local statute, ordinance, rule, regulation, order, consent decree, judgment, or common-law doctrine, and provisions and conditions of permits, licenses, and other operating authorizations relating to any of the following: (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees, to Hazardous or Toxic Substances or Materials or other products, raw materials, chemicals, or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges, or releases of chemical substances from industrial or commercial activities; and (iv) regulation of the manufacture, use, or introduction into commerce of chemical substances, including,

without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage, and disposal.

The term "**Effective Date**" shall mean the date this Agreement is approved by Agency at a public meeting.

The term "**Escrow**" shall have the meaning ascribed in Section 308.1 of this Agreement.

The term "**Escrow Agent**" shall mean Stewart Title Company, or such other escrow company as may be mutually approved in writing by Agency and Developer.

The term "**Escrow Opening Date**" shall have the meaning ascribed in Section 308.1 of this Agreement.

The term "**Grant Deed**" shall mean the Grant Deed by which Agency shall convey title to each Phase of the Site to Developer. The form of each Grant Deed shall be as set forth in Attachment No. 4 to this Agreement.

The term "**Grant of Easement**" shall have the meaning ascribed in Section 306.

The term "**Hazardous or Toxic Substances or Materials**" shall mean any substance or material identified by the United States Government or the State of California as hazardous or toxic and which is included on any list of such substances published by the United States Government or the State of California.

The term "**Loan Agreement**" shall mean that agreement in the form set forth as Attachment No. 9 to this Agreement to be executed by individual purchasers of the Restricted Units in the Project, as more particularly set forth in Section 501 and the Agreement Containing Covenants Affecting Real Property.

The term "Lot" or "Parcel" may be used interchangeably and shall mean each of the forty-one (41) separate legal parcels to be conveyed to Developer by Agency pursuant to this Agreement.

The term "Lot Phasing" shall mean the Lot Phasing attached to this Agreement as Attachment No. 7 and as described in Section 303.

The term "Phase" shall have the meaning ascribed in Section 303 herein.

The term "Project" shall mean the development of a 41-unit owner-occupied detached housing project and related interior and exterior improvements on the Site. The Project shall be developed in two (2) Phases, each Phase with two subphases, as referred to in Section 303 herein. The Project shall be consistent with the Scope of Development. In general, the Project shall be, designed and constructed in a manner so as to be architecturally compatible with the existing neighborhood as well as functionally efficient in the areas of access, parking, and security. The sale, resale, and occupancy of the Project's Units shall be restricted in accordance with the terms of this Agreement, including without limitation Section 501, the Agreement Containing Covenants Affecting Real Property, and the Loan Agreement. Not by way of limitation of the foregoing, the twenty-eight (28) Restricted Units in the Project shall be restricted as affordable housing units, as more particularly set forth herein.

The term "Project Area" shall mean the Huntington Drive--Phase II Redevelopment Project Area. The exact boundaries of the Project Area are specifically described in the Redevelopment Plan and are made a part hereof as though fully set forth herein.

The term "**Promissory Note**" shall mean the forty-one (41) separate notes to be executed by Developer for the Purchase Price owed to Agency and shall be in the form attached hereto as Attachment No. 5.

The term "**Purchase Price**" shall have the meaning ascribed in Section 304 of this Agreement.

The term "**Redevelopment Plan**" shall mean the Redevelopment Plan for the Huntington Drive--Phase II Redevelopment Project Area which was approved and adopted on November 27, 1979, by the City Council of the City of Duarte by Ordinance No. 476, as the same may be amended from time to time. The Redevelopment Plan is incorporated herein by this reference and is made a part hereof as though fully set forth herein.

The term "**Restricted Units**" shall mean the twenty-eight (28) Units in the Project which Developer is required to sell to low or moderate income persons or households, as more fully described in Section 501.3.

The term "**Schedule of Performance**" shall mean that certain Schedule of Performance attached hereto as Attachment No. 3.

The term "**Scope of Development**" shall mean that certain Scope of Development for the Project attached hereto as Attachment No. 11.

The term "**Site**" shall mean that certain real property consisting of approximately 2.65 acres of land area located in the Project Area at the southeast corner of Mount Olive and Huntington Drive which real property is currently owned by the Agency and is to be sold to Developer in phases pursuant to this Agreement. The

Site is shown on the Site Map attached hereto as Attachment No. 1 and is more particularly described in the Legal Description of the Site attached hereto as Attachment No. 2.

The term "**Title Company**" shall mean Stewart Title Insurance Company, or such other title insurance company as may be mutually approved in writing by Agency and Developer.

The term "**Title Policy**" shall have the meaning ascribed in Section 313 of this Agreement.

The term "**Tract Map**" shall have the meaning ascribed in Section 302 of this Agreement.

The term "**Unit**" shall mean an individual lot improved with a single family dwelling and related interior and exterior improvements, to be constructed by Developer on each of the forty-one (41) parcels in conformance with the terms and conditions of this Agreement.

The term "**Unrestricted Unit**" shall mean the thirteen (13) Units in the Project which Developer is not required to sell to low or moderate income persons or households, as more fully described in Section 501.3.

III. (§300) DISPOSITION OF THE SITE

A. (§301) Agreement to Sell and Purchase

Subject to all of the terms, conditions, and provisions set forth in this Agreement, Agency agrees to sell the Site to Developer, and Developer agrees to purchase the Site from Agency.

B. (§302) Subdivision of Site.

Within the time set forth in the Schedule of Performance, Agency shall submit to City an application for a tentative tract map subdividing the Site into forty-one (41) separate legal parcels (the "Tract Map"). One Unit of the Project shall be developed on each of the forty-one (41) separate legal parcels. Developer shall be solely and exclusively responsible for all costs of subdivision. If City approves Agency's subdivision application, Agency shall cause the final Tract Map to be recorded within the time set forth in the Schedule of Performance.

C. (§303) Phasing.

The Site shall be transferred to Developer and the Project shall be developed in two (2) separate phases ("Phases"), each of which shall have two subphases.

The first phase ("Phase 1") shall consist of the transfer to Developer of twenty-one (21) separate legal parcels. Of these twenty-one (21) lots, twelve (12) shall be developed by Developer in accordance with this Agreement as sub-Phase 1A. The remaining nine (9) lots of Phase 1 shall be developed by Developer in accordance with this Agreement as sub-Phase 1B. The specific lots to be conveyed in Phase 1 are shown on the tentative Tract Map and in the Lot Phasing attached as Attachment No. 7 to this Agreement. The specific lots to be developed in sub-Phases 1A and 1B, and the Unit plans for each lot, are listed in the Lot Phasing (Attachment No. 7).

The second phase ("Phase 2") shall consist of the transfer to Developer of twenty (20) separate legal parcels. Of these twenty

(20) lots, ten (10) shall be developed by Developer in accordance with this Agreement as sub-Phase 2A. The remaining ten (10) lots of Phase 2 shall be developed by Developer in accordance with this Agreement as sub-Phase 2B. The specific lots to be conveyed in Phase 2 are shown on the tentative Tract Map and in the Lot Phasing attached as Attachment No. 7 to this Agreement. The specific lots to be developed in sub-Phases 2A and 2B, and the Unit plans for each lot, are listed in the Lot Phasing (Attachment No. 7).

The conveyance of each parcel in each Phase shall be carried out in compliance with each of the requirements set forth in this Article III.

D. (§304) Purchase Price.

Developer's total purchase price (the "Purchase Price") for the Site shall be Eight Hundred Twenty Thousand Dollars ($820,000.00), based on Twenty Thousand Dollars ($20,000) per lot for each of the forty-one (41) lots comprising the Site. The parties hereto acknowledge and agree that the Purchase Price is not less than the fair reuse value of the Site at the use and with the covenants and conditions and development costs authorized by this Agreement.

The Purchase Price shall be paid pursuant to forty-one (41) promissory notes in the form attached hereto as Attachment No. 5 (collectively the "Promissory Note"). The amount of each Promissory Note shall be Twenty Thousand Dollars ($20,000). The parties hereto acknowledge and agree that for each Restricted Unit the Promissory Note amount shall be comprised of (i) Developer's payment to Agency for the second mortgage financing to be provided

by Agency to the Unit buyer, up to a maximum of Fifteen Thousand Dollars ($15,000), plus (ii) the amount obtained by subtracting the amount set forth in subparagraph (i) from Twenty Thousand Dollars ($20,000); provided, however, that in no event shall the total amount of the portion of the Promissory Notes described in subparagraph (i), for all of the Restricted Units combined, be greater than Three Hundred Fifty Thousand Dollars ($350,000). In the event Developer wishes to exceed the maximum amount for a Unit set forth in subparagraph (i), Developer shall first obtain the approval of the Agency's Executive Director, which approval shall be given or withheld in the Agency Executive Director's sole and absolute discretion.

Each Promissory Note shall be secured by a second deed of trust (the "Deed of Trust") on the particular parcel, in the form attached hereto as Attachment No. 6. When a buyer of a Restricted Unit executes, and thereafter deposits into the escrow established for the conveyance of that particular Restricted Unit from Developer to the buyer, the necessary documents to effect the Agency's second mortgage financing for that Restricted Unit, including but not limited to the Loan Agreement and a deed of trust, Agency shall deposit into that escrow the documents necessary to discharge the Promissory Note pertaining to that lot and to effect a reconveyance of the deed of trust that secured Developer's Promissory Note for that lot. For the sale of an Unrestricted Unit by Developer to a buyer, Developer shall notify Agency of the opening of the escrow for such conveyance and Agency shall deposit into that escrow the documents necessary to discharge

the Promissory Note pertaining to that lot and to effect a reconveyance of the deed of trust that secured Developer's Promissory Note for that lot. The escrow agent for the conveyance of such Unit/lot shall effect the discharge and reconveyances described above simultaneous with the close of the escrow for buyer's purchase of that Unit/lot from Developer and delivery to Agency of the Agency Loan Amount set forth in the particular Promissory Note being discharged.

E. (§305) Subordination.

Agency agrees that the Deed of Trust for each of the forty-one (41) parcels shall be junior and subordinate to the lien of the deed of trust securing the Construction Loan for the development of the Project on the Site, provided that the Construction Loan satisfies the requirements set forth in Section 314 herein.

Additionally, Agency agrees, subject to the provisions of Section 506, that the provisions of Section 501.3 of this Agreement and Paragraph 5(b) of the Agreement Containing Covenants Affecting Real Property attached hereto as Attachment 10 pertaining to the affordability of the Restricted Units (collectively, the "Affordability Restrictions") shall be junior and subordinate to the lien of the deed of trust securing the Construction Loan for the development of the Project on the Site, provided that the Construction Loan satisfies the requirements set forth in Section 314 herein and further provided that the form of the subordination agreement so subordinating the Affordability Restrictions is acceptable to Agency and contains the following terms:

1. Default Under Lien of Construction Loan.

In the event of a breach or default by Developer under the terms of the deed of trust securing the Construction Loan (the "First Lien"), the party alleging such default shall provide Agency with written notice of such breach or default concurrently with providing such notice to Developer. Upon receipt of such notice of breach or default, the parties hereto agree that Agency shall have each of the following rights so long as the Agreement Containing Covenants Affecting Real Property or the Deed of Trust encumbers any portion of the Site or interest therein:

(i) To cure the noticed default at any time prior to foreclosure of the First Lien. In connection therewith, in the event of a non-monetary default which is not reasonably susceptible to being cured within the cure periods specified in the First Lien, as reasonably determined by the Construction Lender, Agency shall have the right (i) to obtain possession of the Site (or portion thereof secured by the First Lien) by foreclosing the Deed of Trust and (ii) to cure the default; provided that Agency commences foreclosure of the Deed of Trust within said cure periods and prosecutes said foreclosure and cures the default with reasonable and continuous diligence; and

provided further, that the default must be cured within a reasonable time after possession is obtained unless Construction Lender reasonably determines that additional time for cure may be granted without impairing Construction Lender's security for the Construction Loan. Developer agrees to indemnify Agency against any amounts expended by Agency pursuant to this Section 305(1)(i).

(ii) To negotiate with the Construction Lender regarding the noticed default at any time prior to the foreclosure of the First Lien.

(iii) Provided there has been no prior transfer of title to the Site (or portion thereof secured by the First Lien) by completion of a judicial or non-judicial foreclosure of the First Lien, to repurchase Developer's fee interest from Developer, subject to the First Lien, without the consent of the Construction Lender. In such event, Agency's purchase price for the Site (or applicable portion thereof) shall be equal to: (a) the portion of the Purchase Price, if any, actually paid

by Developer to Agency for the Site (or applicable portion thereof) prior to Agency's repurchase; plus (b) the lesser of (1) the fair market value of the improvements comprising the Project (or applicable portion thereof) or (2) the cost incurred to construct the improvements comprising the Project (or applicable portion thereof), which costs shall be supported by adequate documentation (such as paid invoices); minus (c) the outstanding principal balance, accrued and unpaid interest and all other charges on all obligations secured by a deed of trust or mortgage encumbering Developer's fee interest in the Site (or applicable portion thereof); and minus (d) any costs expended by Agency to cure a default as provided in Section 305(1)(i). Developer shall have fifteen (15) days from the date it receives notice of Agency's election to repurchase the Site (or applicable portion thereof) to provide Agency with the purchase price for the Site (or applicable portion thereof). If Developer fails to provide Agency with

the purchase price within said fifteen (15) days, the amount specified in subclause (b) of the foregoing sentence shall be deemed to be equal to the amount of funds disbursed under the Construction Loan for the Project (or applicable portion thereof). Developer shall have forty-five (45) days from the date it receives notice of Agency's election to repurchase the Site (or applicable portion thereof) to execute all documents reasonably requested by Agency to effectuate the transfer of the Site (or applicable portion thereof) and to complete the transfer. If Developer fails to close the transfer within said forty-five (45) day period, Agency shall have the right to specifically enforce this paragraph.

The Construction Lender shall agree that the exercise of any of the rights set forth in and in accordance with this Section 305(1) by Agency shall not, in and of itself, give rise to any right on the part of Construction Lender to exercise any right to accelerate the amounts due under the Construction Loan.

2. Enforcement of Use Restrictions.

Nothing contained in the subordination agreement shall prevent Agency from enforcing all of the use restrictions contained in this

Agreement and the Agreement Containing Covenants Affecting Real Property against any person holding any interest in the Site other than Construction Lender or any person claiming under or through it.

3. Foreclosure of Deed of Trust.

The Construction Lender shall agree that in the event the Agency forecloses the Deed of Trust, said foreclosure shall not, in and of itself, give rise to any right on the part of Construction Lender to accelerate the amounts due on the Construction Loan.

Except as provided in the first sentence of this Section 305 with respect to the Deed of Trust, nothing in this Section 305 shall be construed to be an agreement by Agency to subordinate any restrictions on the Site imposed pursuant to this Agreement or the Agreement Containing Covenants Affecting Real Property other than the Affordability Restrictions applicable to the Restricted Units.

F. (§306) Landscape Easements.

The Site is within a City of Duarte Landscape and Lighting Assessment District. Developer and Agency desire to have the exterior landscaped areas of each separate parcel comprising the Site maintained by the City pursuant to the Landscape and Lighting Assessment District. Developer hereby agrees that as part of, and shown on, the Tract Map, City shall reserve easements across all such landscaped areas in order to allow City to maintain them as part of a Landscape and Lighting Assessment District.

Prior to and as a condition to the close of Escrow for each Phase, City shall have taken all the necessary steps, including conducting all the necessary hearings, to increase the assessment

on each parcel comprising the particular Phase, in order to cover the costs of maintenance thereof. Nothing herein is intended nor shall be construed as a precommitment or prejudgment by City regarding the matters required to be considered in determining whether to increase the assessment or as a restriction on City's legislative discretion nor shall anything herein be construed as a guarantee that such assessments shall be so increased. In the event that City determines not to increase the assessments, Developer and its successors and assigns shall be required to maintain the landscaped areas on each parcel in such Phase in accordance with the requirements of Section 502 and the Agreement Containing Covenants Affecting Real Property.

G. (§307) Declaration of Covenants, Conditions, and Restrictions.

At the time set forth in the Schedule of Performance, Developer shall record CC&R's against the applicable Phase of the Project, which CC&R's shall restrict each parcel in that Phase of the Project. The CC&Rs shall have been approved by Agency's Executive Director and Developer. Developer represents and warrants that the Project is in compliance with Business and Professions Code Section 11010.4.

H. (§308) Escrow.

1. Opening of Escrow.

Within the time set forth in the Schedule of Performance, Agency and Developer shall cause an escrow (the "Escrow") to be opened with the Escrow Agent for the conveyance of each Phase by Agency to Developer. The opening of the Escrow for each Phase (the

"Escrow Opening Date") shall be deemed to be the date that a fully executed copy of this Agreement is delivered to the Escrow Agent with the instruction that the Escrow for the particular Phase is to be opened. The Escrow Agent shall notify Agency and Developer in writing of the Escrow Opening Date promptly following the opening of Escrow.

2. Escrow Instructions.

This Agreement, once deposited in the Escrow for each Phase, shall constitute the joint escrow instructions of Agency and Developer for the conveyance of that Phase. Additionally, if the Escrow Agent so requires, Agency and Developer agree to execute the form of escrow instructions that Escrow Agent customarily requires in real property transactions of the type contemplated by this Agreement. The Escrow Agent is hereby empowered to act under this Agreement, and upon indicating its acceptance of this Section 308 in a writing delivered to Agency and Developer within five (5) business days after the Escrow Opening Date, or as soon thereafter as may be practicable, shall carry out its duty as Escrow Agent hereunder. In the event of any conflict or inconsistency between the additional escrow instructions required by the Escrow Agent and the provisions of this Agreement, the provisions of this Agreement shall supersede and control. Any amendment of the escrow instructions set forth or described herein shall be in writing and signed by both Agency and Developer. At the time of any authorized amendment to the escrow instructions, the Escrow Agent shall agree, by signing below an appropriate statement on such an amendment, to carry out its duties as Escrow Agent under such an amendment. All

communications from the Escrow Agent to Agency or Developer shall be in writing and directed to the addresses and in the manner established in Section 701 of this Agreement for notices, demands, and communications between Agency and Developer.

3. Close of Escrow.

The date for closing the sale of each Phase ("Closing Date") shall be in accordance with the Schedule of Performance (Attachment No. 3). If Escrow is not in a condition to close by such date either party not then in default hereunder may elect to terminate this Agreement as to that Phase and all subsequent Phases and the Escrow for that Phase by giving written notice of termination to the other party and to the Escrow Agent. No such termination shall release either party then in default from liability for such default. Nor shall any such termination release either party from its obligations with regard to any portion of the Site which has already been transferred to Developer as part of an earlier Phase of the Project. If neither party so elects to terminate this Agreement and the Escrow, the Escrow Agent shall close the Escrow as soon as possible.

I. (§309) Delivery of Documents Required From Developer and Agency.

1. Developer's Obligations.

On or before 12:00 Noon of the last business day prior to the Closing Date for each Phase, Developer shall deposit or cause to be deposited with the Escrow Agent the following:

(i) an executed, acknowledged, and recordable Grant Deed for each Phase (Attachment No. 4);

(ii) the executed, acknowledged, and recordable Agreement Containing Covenants Affecting Real Property (Attachment No. 10) for each parcel in the Phase.

(iii) the executed Promissory Note (Attachment No. 5) and the executed, acknowledged, and recordable Deed of Trust (Attachment No. 6) for each parcel in the Phase;

(iv) the executed, acknowledged, and recordable deed of trust securing the Construction Loan for that Phase (not required for Phase 1 if Developer has not executed such deed of trust prior to Closing Date for Phase 1);

(v) the executed and acknowledged CC&Rs previously approved by Developer and Agency's Executive Director;

(vi) the following costs: (a) one-half (1/2) of the Escrow Agent's fee; and (b) the portion of the premium for the Title Policy for the parcels in that Phase to be paid by Developer as set forth in Section 313, as applicable; and

(vii) any and all additional funds, instruments, or other documents required from Developer (executed and acknowledged if appropriate), as may be necessary in order for the Escrow Agent to comply with the terms of this Agreement with respect to that particular Phase.

2. Agency's Obligations.

On or before 12:00 Noon of the last business day prior to the Closing Date for each Phase, Agency shall deposit or cause to be deposited with the Escrow Agent each of the following:

(i) an executed, acknowledged, and recordable Grant Deed conveying title to each parcel in that Phase to Developer in the Approved Title Condition;

(ii) the executed and acknowledged CC&R's previously approved by Developer and Agency's Executive Director;

(iii) the executed, acknowledged, and recordable Agreement Containing Covenants Affecting Real Property for each parcel in the Phase (Attachment No. 10);

(iv) the executed, acknowledged, and recordable Deed of Trust (Attachment No. 6) for each parcel in the Phase;

(v) the following costs: (a) one-half (1/2) of the Escrow Agent's fee; (b) the

portion of the premium for the Title Policy for the parcels in that Phase to be paid by Agency as set forth in Section 313 of this Agreement; (c) costs necessary to place title to the parcels in the particular Phase in the Approved Title Condition; (d) the cost of drawing the Grant Deed; (e) recording and notary fees; (f) any state, county, or city documentary stamps or transfer tax; and (g) real property taxes and assessments, if any, upon the portion of the Site being conveyed in that Phase (with the understanding that Agency may apply for a refund for that portion of any such taxes and assessments allocated to any period after the Closing Date, in accordance with the applicable provisions of the Revenue and Taxation Code); and

(vi) any and all additional funds, instruments, or other documents required from Agency (executed and acknowledged if appropriate), as may be necessary in order for the Escrow Agent to comply with the terms of this Agreement with respect to that particular Phase.

J. (§310) Escrow Agent Duties.

The Escrow Agent's duties hereunder shall be limited to implementation of Sections 301-310 and 312-317 of this Agreement, inclusive. In addition to any other actions the Escrow Agent is authorized or required to undertake pursuant to the provisions of this Agreement, the Escrow Agent is authorized to and shall for each Phase:

(i) Record in the following order: (A) the Grant Deed conveying the parcels being sold in the applicable Phase to Developer; (B) the Agreement Containing Covenants Affecting Real Property for each parcel in the applicable Phase; (C) the CC&R's for each parcel in the applicable Phase; (D) the deed of trust securing the Construction Loan for that applicable Phase; and (E) the Deed of Trust securing the Note for each parcel in that applicable Phase; (F) all other documents (including without limitation any deeds of reconveyance) necessary for title to the applicable Phase to be conveyed to Developer in the Approved Title Condition; and (G) any other appropriate instruments delivered through this Escrow if necessary or proper to vest title to the applicable Phase in Developer in accordance with the terms and provisions of this Agreement. Said recorda-

tion, and other applicable actions specified in this Agreement, shall occur when the Title Policy can be issued and title to the applicable Phase of the Site can be vested in Developer in the Approved Title Condition as required by the provisions of this Agreement;

(ii) Buy, affix, and cancel any documentary stamps required by law, and pay any transfer tax required by law, as provided here;

(iii) Pay and charge Agency and Developer, as appropriate, for any fees, charges, and costs payable under the Escrow; and

(iv) Disburse funds and deliver the Grant Deed conveying title from Agency to Developer and all other documents, including without limitation the Title Policy provided for herein, to the parties entitled thereto when the conditions for this Escrow applicable to that Phase have been fulfilled by Agency and Developer.

K. (§311) Physical and Environmental Condition of the Site; Preliminary Work by Developer.

Agency and Developer acknowledge and agree that Developer, at no cost to Agency, caused Converse Environmental West, a soils and environmental consulting firm, to enter upon the Site and conduct a "Phase I" environmental site analysis, including all inspections and tests that are standard in the industry for a Phase I analysis, to determine if the physical condition of the Site is acceptable

and to determine if there are any Hazardous or Toxic Substances or Materials in, on, or under the Site in amounts or concentrations that violate any Environmental Laws (the physical and environmental condition of the Site hereinafter referred to as the "physical condition of the Site"). Converse Environmental West prepared a "Phase I Environmental Site Assessment Report," CEW Project No. 94-41-286-01, dated October 19, 1994.

If reasonably warranted by the results of the Phase I analysis, Developer, at no cost to Agency, shall cause Converse Environmental West, or such other soils and environmental consulting firm as may be reasonably acceptable to Developer and Agency's Executive Director, to enter upon the Site in order to conduct a "Phase II" environmental site analysis, including all inspections and tests that are standard in the industry for a Phase II analysis, to further determine the physical condition of the Site, including the presence of any Hazardous or Toxic Substances or Materials in, on, or under the Site in amounts or concentrations that violate any Environmental Laws.

Developer has the sole and exclusive responsibility for determining the adequacy of the results of such inspections and tests and Agency does not warrant the accuracy of such results.

Developer has determined that no further analysis is warranted by the results of the Phase I environmental site analysis performed by Converse Environmental West as reported in its Phase I Environmental Site Assessment Report for the Site.

Agency acknowledges that Developer has delivered to Agency's Executive Director a copy of Converse Environmental West's Phase I

Environmental Site Assessment Report for the Site. Within sixty (60) days after the Effective Date, Developer shall also deliver to Agency's Executive Director, upon written request therefor, any reports, inspection logs, and other written information available from Converse Environmental West which formed the basis of its Phase I Environmental Site Assessment Report for the Site.

Based on the Phase I Environmental Site Assessment Report for the Site, Developer acknowledges and agrees that it is reasonably satisfied that the physical condition of the Site complies with all Environmental Laws and that by execution of this Agreement Developer accepts and approves the physical condition of the Site.

Agency shall convey each Phase of the Site to Developer in an "AS IS" physical condition, with no warranty or representation, express or implied, regarding the presence of uncompacted fill, the condition of the soil, the geology, seismology, hydrology, or other similar matters on, under, or affecting said portion of the Site or the condition of any buildings or improvements located thereon, the presence or absence of any Hazardous or Toxic Substances or Materials, or the Site's compliance with Environmental Laws.

Agency represents and warrants that to the best of its knowledge neither Agency nor any third party used, generated, manufactured, stored, or disposed of on, under, or about the Site any Hazardous or Toxic Substances or Materials. Agency agrees to indemnify and hold harmless Developer, its partners, directors, officers, employees, agents, and successors to Developer's interest in the chain of title to the Site, from and against any and all claims (including third party claims), demands, liabilities,

damages, costs and expenses (including reasonable attorney's fees) of whatever kind or nature resulting from or in any way connected with the use, generation, storage, or disposal of Hazardous or Toxic Substances or Materials on, under, or about the Site that occurred during the period of Agency's ownership of the applicable Phase of the Site. Developer shall indemnify and hold harmless Agency and City and their respective officers, officials, employees, and agents, from and against any and all claims (including third party claims), demands, liabilities, damages, costs and expenses (including reasonable attorney's fees) of whatever kind or nature resulting from or in any way connected with the use, generation, storage, or disposal of Hazardous or Toxic Substances or Materials on, under, or about the applicable Phase of the Site after the close of escrow that conveys such applicable Phase of the Site from Agency to Developer. Agency's and Developer's indemnity set forth in this paragraph shall survive the close of escrow for each Phase and shall not merge with any grant deed.

If, prior to the close of Escrow for Phase 2, Developer, or any agents, employees, contractors, or other representatives of Developer, enter onto the Site to conduct soils, engineering, or other tests and studies, or for any other purposes, Developer shall indemnify, defend, and hold harmless Agency and City and their respective officers, employees, and agents from and against all claims, liabilities, or damages arising out of any such activity. Any preliminary work by Developer shall be undertaken only after prior written notice to the Agency's Executive Director and after

securing any and all necessary permits from the appropriate public entities.

After the close of Escrow for Phase 1, it shall be the sole responsibility and cost of Developer to demolish and clear any improvements on the Site inconsistent with the intended use thereof and to prepare the Site for development. After the close of Escrow for Phase 1 and prior to the close of Escrow for Phase 2, Agency's Executive Director shall cooperate with Developer to provide Developer with a right of entry to those portions of the Site comprising Phase 2 to enable Developer to perform such demolition. It shall be the further responsibility of Developer after the close of Escrow for Phase 1 to comply with all Environmental Laws and other similar matters, and pay any costs and take any other actions required to prepare the Site for development.

L. (§312) Condition of Title.

On the Closing Date for each Phase, Agency shall convey to Developer title to the portion of the Site covered by that Phase in the "Approved Title Condition," which, for purposes of this Agreement, shall mean fee simple title free of all recorded liens, encumbrances, and other exceptions to title, excepting only: (i) the Redevelopment Plan; (ii) the provisions of this Agreement, the Grant Deed (Attachment No. 4), the CC&R's, the Agreement Containing Covenants Affecting Real Property (Attachment No. 10), the lien of the deed of trust securing the Construction Loan, and the Deed of Trust (Attachment No. 6); (iii) the lien of current non-delinquent real property taxes and assessments, if any; (iv) those additional exceptions to title approved in a writing signed by Developer; and

(vi) the standard printed conditions and exceptions contained in the California Land Title Association standard form owner's policy of title insurance regularly issued by the Title Company for transactions similar to the one contemplated by this Agreement.

M. (§313) Title Insurance.

The Escrow Agent shall, prior to the Closing Date for each phase and pursuant to the provisions of this Agreement, provide and deliver to Developer a CLTA standard form owner's policy of title insurance (or, at Developer's option, an ALTA extended coverage owner's policy of title insurance) (the "Title Policy"), issued by the Title Company as insurer, in favor of Developer, as insured, insuring that the title to the portion of the Site conveyed in that Phase is vested in Developer in the Approved Title Condition. The Escrow Agent shall provide Agency with a copy of such Title Policy. The Title Policy coverage shall be equal to the portion of the Purchase Price applicable to the particular Phase.

Agency shall pay the premium for the CLTA coverage for the Title Policy required in accordance with the preceding paragraph. Developer shall pay any and all additional premiums for the ALTA coverage and any additional coverage or endorsements to such policy which may be requested by Developer.

N. (§314) Evidence of Financial Capability.

Within the times set forth in the Schedule of Performance, Developer shall submit to Agency's Executive Director evidence reasonably satisfactory to the Executive Director that Developer has the financial capability necessary for the acquisition of each Phase of the Site and development of the applicable portion of the

Project thereon pursuant to this Agreement. Such evidence of financial capability shall include all of the following:

(i) Reliable cost estimates for Developer's total cost of acquiring the applicable Phase of the Site and developing the applicable portion of the Project thereon (including both "hard" and "soft" costs).

(ii) A complete executed copy of the Construction Loan obtained by Developer to assist in financing the acquisition of the applicable Phase of the Site and development of the applicable portion of the Project thereon, together with sufficient information regarding the lender (e.g., an annual report) to enable the Agency's Executive Director to determine in his or her reasonable discretion that such lender has sufficient financial resources and solvency to fund the loan; provided, however, that such executed copy of the Construction Loan shall not be required prior to the Closing Date for Phase 1 if Developer has not executed such Construction Loan agreement, but in such event Developer shall provide the Construction Loan agreement to the Agency's Executive Director, and Agency's Executive Director shall make the determination described hereinabove, prior to issuance of

building permits for Phase 1. If a separate Construction Loan is obtain by Developer for Phase 2, Developer shall provide that Construction Loan agreement to the Agency's Executive Director, and Agency's Executive Director shall make the determination described hereinabove, prior to issuance of building permits for Phase 2. The Construction Loan(s) shall satisfy the following requirements: (A) the Construction Loan(s) shall be made by a good and solvent institutional lender reasonably satisfactory to Agency's Executive Director; (B) the maximum principal amount of the Construction Loan(s) shall not exceed eighty-five percent (85%) of the lender's appraised value of the applicable Phase of the Site upon completion of the applicable portion of the Project, which amount shall be verified to Agency Executive Director's reasonable satisfaction; (C) the interest rate on the Construction Loan(s) shall not exceed three percent (3%) over the prime lending rate of the construction lender at the time of the loan closing (with the understanding that the rate may be a variable rate); (D) the cumulative amount of loan application fees, points, title charges,

closing costs, and other similar costs to be paid out of the Construction Loan(s) shall not exceed three percent (3%) of the principal amount of the Construction Loan; (E) the maturity date on the Construction Loan(s) shall be no earlier than twelve (12) months and no later than twenty-four (24) months after the Closing Date hereunder; (F) the Construction Loan(s) shall obligate Developer to expend loan proceeds for no other purpose than acquisition of the applicable Phase of the Site and payment of direct and indirect costs of development of the applicable portion of the Project thereon; (G) the Construction Loan(s) shall contain adequate safeguards, reasonably approved by Agency's Executive Director, controlling the disbursement of loan proceeds for authorized purposes; (H) the Construction Loan(s) shall contain a release clause which, by its terms, shall unconditionally provide that the buyer of a Unit can obtain legal title thereto free and clear of the lien of such Construction Loan in the manner provided under Business Professions Code Section 11013.1; and (I) the Construction Loan(s) shall contain such other and further provisions consistent with the foregoing as

may be reasonably required by Agency's Executive Director to protect the security for payment of the applicable portion of the Purchase Price due hereunder.

(iii) A financial statement and/or other documentation reasonably satisfactory to Agency's Executive Director sufficient to demonstrate that Developer has adequate funds available and committed to cover the difference between the total development cost of the applicable portion of the Project (subparagraph (i) above) and the proceeds of the Construction Loan (subparagraph (ii) above).

(iv) A copy of the contract between Developer and its general contractor for all of the improvements for the applicable Phase required to be constructed by Developer hereunder, certified by Developer to be a true and correct copy thereof.

Agency's Executive Director shall complete his or her review of and approve or disapprove Developer's evidence of financial capability for each Phase within the time set forth in the Schedule of Performance. If Agency's Executive Director shall disapprove such evidence of financing, he or she shall do so by written notice to Developer stating the reasons for such disapproval. In such event, Developer shall promptly resubmit its evidence of financial capability not less than thirty (30) days after receipt of Agency's

Executive Director's disapproval, Agency's Executive Director shall reconsider such resubmittal within the same number of days allowed for the initial submittal, and the deadlines in the Schedule of Performance for the applicable Phase of the Project shall be extended accordingly.

O. (§315) Non-Foreign/Residency Affidavit.

Agency hereby represents and warrants that it is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code nor is Developer required to withhold tax pursuant to California Revenue and Taxation Code Section 18805. At the close of Escrow for each Phase, Agency's Executive Director will provide Developer with a Non-Foreign/Residency Affidavit in the form customarily used by the Escrow Agent, if required.

P. (§316) No Brokers.

Agency and Developer mutually covenant that: (i) neither has retained any broker in connection with this Agreement; and (ii) each party shall indemnify, defend, and hold harmless the other from and against any and all claims, liabilities, or damages for the payment of any real estate commission or finder's or brokerage fee arising out of the breach of this covenant.

Q. (§317) Conditions Precedent to Closing; Termination.

1. Conditions Precedent to Developer's Obligations.

Notwithstanding any other provision in this Agreement to the contrary, Developer's obligation to close the Escrow for each Phase and accept conveyance of the portion of the Site covered by that Phase from Agency shall be subject to the satisfaction or

Developer's written and signed waiver of each of the following conditions precedent:

(i) At the close of Escrow for the applicable Phase, the Title Company shall be irrevocably committed to issue the Title Policy required to be paid for by Agency pursuant to Section 313 herein insuring fee title to the portion of the Site being conveyed in that Phase as being vested in Developer in the Approved Title Condition;

(ii) Escrow Agent holds and will deliver to Developer the instruments and funds, if any, accruing to Developer pursuant to this Agreement;

(iii) The final Tract Map shall have been approved and recorded or be ready to record concurrently with the close of Escrow for Phase 1;

(iv) Agency shall have approved the CC&Rs for the Site, pursuant to Section 307 of this Agreement;

(v) Agency shall not be in material default of any of its obligations set forth in this Agreement; and

(vi) All representations and warranties by Agency in this Agreement shall be true on

and as of the close of Escrow for that Phase as though made at that time and all covenants of Agency which are required to be performed prior to the close of Escrow shall have been performed by such date.

2. Failure of Developer's Conditions; Termination.

The failure of any of Developer's conditions set forth in Section 317.1 shall not be a bar to the close of Escrow for that Phase nor an excuse for Developer's complete performance under this Agreement if the failure of the condition is due in whole or in part to the fault of Developer. Developer shall cooperate with Agency and the Escrow Agent to attempt to satisfy each and every condition precedent to Developer's obligations hereunder. In the event, however, that Developer has fully performed its obligations under this Agreement but any of Developer's conditions is not satisfied or waived in a writing signed by Developer prior to the expiration of the applicable period for satisfaction or waiver, Developer may, in addition to asserting or claiming any other right or remedy Developer may have hereunder for Agency's breach or default hereunder, cancel the Escrow for that Phase and terminate this Agreement with respect to that and any subsequent Phases of the Project. In the event Developer elects to cancel the Escrow and/or terminate this Agreement as provided herein, all documents and funds, if any, delivered by one party to the other party, or to the Escrow Agent, shall be returned to the party making delivery. Nothing herein shall authorize Developer to terminate this

Agreement with respect to any Phase of the Project for which Developer has previously acquired title.

3. Conditions Precedent to Agency's Obligations.

Notwithstanding any other provision in this Agreement to the contrary, Agency's obligations to close the Escrow for each Phase and convey the portion of the Site covered by that Phase to Developer shall be subject to the satisfaction or Agency's written and signed waiver, of each of the following conditions precedent:

(i) Escrow Agent holds and will deliver to Agency the instruments and funds, if any, accruing to Agency pursuant to this Agreement;

(ii) Developer shall have obtained approval of all development plans for the entire Project and shall have submitted for approval all building plans for the applicable Phase of the Project, including the posting of any required security and the tender of any necessary building permit fees;

(iii) Developer shall have timely obtained the insurance required by Section 411 of this Agreement and provided satisfactory evidence of such insurance to Agency's Executive Director;

(iv) Developer shall have submitted to Agency the evidence of financial capability to

acquire the applicable Phase of the Site and develop the applicable portion of the Project thereon, as required by Section 314 of this Agreement, and obtained the Agency Executive Director's approval of same, and the Construction Loan for said Phase shall be ready to close concurrently with the close of Escrow;

(v) The final Tract Map shall have been approved or recorded or be ready to record concurrently with the close of Escrow for Phase 1;

(vi) Developer shall have approved the CC&Rs for the Site, pursuant to Section 307 of this Agreement;

(vii) Developer shall not be in material default of any of its obligations set forth in this Agreement; and

(viii) All representations and warranties by Developer in this Agreement shall be true on and as of the close of Escrow as though made at that time and all covenants of Developer which are required to be performed prior to the close of Escrow shall have been performed by such date.

4. Failure of Agency's Conditions; Termination.

The failure of any of Agency's conditions set forth in Section 317.3 shall not be a bar to the close of Escrow for that Phase nor an excuse for Agency's complete performance under this Agreement if the failure of the condition is due in whole or in part to the fault of Agency. Agency shall cooperate with Developer and the Escrow Agent to attempt to satisfy each and every condition precedent to Agency's obligations hereunder. In the event, however, that Agency has fully performed its obligations under this Agreement but any of Agency's conditions are not satisfied or waived in a writing signed by Agency prior to the expiration of the applicable period for satisfaction or waiver, Agency may, in addition to asserting or claiming any other right or remedy Agency may have hereunder for Developer's breach or default hereunder, cancel the Escrow for that Phase and terminate this Agreement with respect to that and any subsequent Phases of the Project. In the event Agency elects to cancel the Escrow and/or terminate this Agreement as provided herein, all documents and funds, if any, delivered by one party to the other party, or to the Escrow Agent, shall be returned to the party making delivery. Nothing herein shall authorize Agency to terminate this Agreement with respect to any Phase of the Project for which Developer has previously acquired title.

IV. (§400) **DEVELOPMENT OF THE SITE**

A. (§401) Scope of Development.

The Project shall consist of the development of forty-one (41) single-family detached owner-occupied homes with five (5) floor

plans ranging from approximately one thousand two hundred fifty (1,250) square feet to approximately one thousand six hundred (1,600) square feet each, together with all related driveway, parking, landscaping, and related improvements. The Project shall be developed in two (2) Phases as described in Section 303, with twenty-eight (28) of the forty-one (41) Units in the Project being Restricted Units subject to the restrictions on affordability as provided in Article V.

Developer shall develop the Project in substantial conformity with the permits and approvals referenced in Sections 402-405 of this Agreement and the Scope of Development attached hereto as Attachment No. 11. If Developer desires to make any material change in any previously approved development or building plans, Developer shall submit the proposed change to the appropriate body for approval. Developer shall be responsible for all construction and installation and for obtaining all the necessary permits.

The sales, resales, and occupancy of the Units shall be restricted in accordance with Section 501 of this Agreement, the Loan Agreement (Attachment No. 9), and the Agreement Containing Covenants Affecting Real Property (Attachment 10).

B. (§402) Redevelopment Plan, Site Plan, Environmental Review.

Agency represents that the provisions of the Redevelopment Plan applicable to the Site authorize the development, use, operation, and maintenance of the Project thereon, subject to Developer obtaining the permits and approvals referenced in Sections 402-405

of this Agreement and complying with all requirements of the City's codes and ordinances, as the same may be amended from time to time.

Within the times set forth in the Schedule of Performance, Developer shall submit a Final Site Plan and a proposed Specific Plan for the Project to Agency and City for their review and written approval. The Final Site Plan shall contain all of the information and details required to obtain Site Plan approval in accordance with the City of Duarte Municipal Code, including without limitation a fully scaled and dimensioned plan showing the locations, heights, and sizes of all buildings, the number, location, and sizes of all parking spaces, the interior circulation system, trash areas, landscaping plan, building elevations, colors, and materials.

If Developer desires to make any changes to the approved Final Site Plan, it shall submit its request, together with such supporting data and information as Agency and City may reasonably require.

Notwithstanding any other provision of this Agreement to the contrary, Agency's approval of this Agreement and performance hereunder shall be contingent and conditional upon Developer submitting and processing and Agency and City approving, as necessary, all documentation and information required to comply with the California Environmental Quality Act ("CEQA") (Division 13 (commencing with Section 21000) of the California Public Resources Code). Developer shall comply with all environmental mitigation measures imposed as conditions of approval of the Project. Nothing herein is intended nor shall be construed as a precommitment or prejudgment by Agency or City regarding the matters required to be

considered as part of the environmental review for the Project. If City or Agency disapproves the Project on environmental grounds, either Agency or Developer may terminate this Agreement by delivery of written notice to the other party. If City or Agency imposes environmental mitigation conditions which Developer reasonably determines render performance hereunder impracticable or economically infeasible, Developer may terminate this Agreement by delivery of written notice to Agency no later than thirty (30) days after such environmental mitigation conditions are imposed; in such event, Developer and Agency shall attempt in good faith for a period of thirty (30) days to resolve Developer's concerns and the termination shall not be effective unless the parties are unable to agree upon a mutually satisfactory resolution. In the event of a termination of this Agreement pursuant to this Section 402, neither party shall have any further rights against or obligations to the other party hereunder.

C. (§403) Construction Drawings and Related Documents.

After City and Agency approval of the Final Site Plan and Specific Plan, and within the times set forth in the Schedule of Performance, Developer shall prepare or cause to be prepared construction drawings and related documents for all of the improvements in each applicable Phase which are Developer's responsibility and submit the same for approval by the Building Department of the City of Duarte. All plans must be in accordance with the Duarte Municipal Code and the approved Final Site Plan and Specific Plan.

During the preparation of all drawings and plans, Agency and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of plans and related documents by City and Agency. Agency and Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to Agency can receive prompt consideration.

If any revisions or corrections shall lawfully be required by the City or any other public agency having jurisdiction, Developer and Agency shall cooperate in efforts to comply with such requests or to develop a mutually acceptable alternative.

D. (§404) Agency Approval of Plans, Drawings, and Related Documents.

Subject to the terms of this Agreement, Agency shall have a reasonable right of architectural review of all plans and submissions, including any changes therein.

Agency shall approve or disapprove the plans, drawings, and related documents referred to in Section 402 and 403 of this Agreement within the times established therefor in the Schedule of Performance. Any disapproval shall state in writing the reasons for disapproval and the changes which Agency requests be made. Such reasons and requested changes must be consistent with any items previously approved hereunder by Agency. Developer, upon receipt of a disapproval, shall revise the plans and drawings and related documents and resubmit to Agency and City within a reasonable time, not to exceed fifteen (15) days. Agency shall review such changes and revisions as soon as reasonably possible and,

except as expressly provided herein, the Schedule of Performance shall be adjusted accordingly.

If the plans, drawings, and related documents are satisfactory to Agency, Agency shall exercise reasonable diligence in an effort to cause the City to complete its review and approve or disapprove the plans, drawings, and related documents referred to in Sections 402-404 of this Agreement within the same time periods provided in the Schedule of Performance for Agency review and approval; provided, however, that nothing contained herein shall be construed as a representation, warranty, or guarantee by Agency that the City will approve any such item or that approval will be with or without any particular conditions. In the event the City fails to take action on any item within the applicable time provided in the Schedule of Performance, and except as expressly provided herein, the Schedule of Performance shall be adjusted accordingly.

E. (§405) Other City and Governmental Agency Permits

Before commencement of construction of each Phase of the Project, Developer at its own expense shall secure or cause to be secured any and all permits which may be required by City or any other governmental agency affected by such construction, including, but not limited to, necessary building permits and all approvals required under the California Environmental Quality Act (CEQA).

F. (§406) Cost of Development.

Except as specifically provided in this Section 406, Developer shall be responsible for all costs of developing the Project, including but not limited to costs of subdivision; pre-development costs incurred for items such as planning, design, and engineering;

environmental remediation costs incurred after the Closing Date (subject, however, to Developer's right to approve the physical and environmental condition of the Site pursuant to Section 311 herein); all development and building fees; the cost incurred to demolish and clear any and all existing improvements, furnishings, fixtures, and equipment from the Site; relocation expenses payable to existing occupants of the Site (if applicable); costs for insurance and security instruments (bonds or letters of credit) as may be required by the City for work within the public rights-of-way; costs for financing; all on-site construction costs; and costs for any necessary public improvements, including curb cuts, utility connections, street repair, and similar items of work that may be necessary in the street rights-of-way adjacent to the Site.

Upon recordation of the final Tract Map, Agency, within the time set forth in the Schedule of Performance, shall execute a guaranty (the "Agency Guaranty") in a form satisfactory to the City, that all of the subdivision improvements required for the Project will be timely and satisfactorily completed. The Agency Guaranty shall be in a form which excuses Developer from the obligation to post bonds for the subdivision improvements. If the Agency Guaranty is called upon, however, it shall constitute a default by Developer under this Agreement and, in addition to any other remedy Agency may have for such default, Developer shall be obligated to repay Agency any amount Agency is required to pay pursuant to the Agency Guaranty.

Agency shall pay all costs and perform all work necessary to install a left-hand turn lane leading into the Project on westbound

Huntington Drive. Developer shall have reasonable approval over the location of the left turn lane, but not the design or manner of installation of such left-hand turn lane.

G. (§407) Schedule of Performance; Progress Reports.

Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance and as referenced in the Lot Phasing (Attachment No. 7.)

Once construction for a Phase is commenced, it shall be continuously and diligently pursued to completion, and shall not be abandoned for more than twenty (20) consecutive days, except when due to causes beyond the control and without the fault of Developer, as set forth in Section 703 of this Agreement. The Schedule of Performance is subject to revision from time to time as may be mutually agreed upon in writing between Developer and Agency.

During the course of construction, and prior to Agency's issuance of its partial Certificates of Completion for Phase 1A, 1B, and 2A, and its final Certificate of Completion for the Project after completion of Phase 2B, Developer shall keep Agency informed of the progress of construction on a monthly basis, which progress reports shall be in writing upon either party's request.

After completion of construction of each Unit on a lot, and the granting by City of the certificate of occupancy for such Unit, Agency, upon request by Developer, shall issue a document to be recorded, in a form reasonably satisfactory to Developer's counsel and Agency's counsel, serving the function of a partial certificate of completion for such individual lot.

H. (§408) Easements

Developer shall grant to Agency and City all necessary and appropriate easements for development of public improvements and facilities which are consistent with the Project, including but not limited to easements for streets, rights of vehicular access, sidewalks, sewers, storm drains, water, and other utilities and improvements. Agency, City, and the appropriate utility companies shall be permitted to obtain any necessary temporary easements as required by them.

I. (§409) Compliance with Permits and Laws.

Developer shall carry out the development of each Phase of the Project in conformity with all applicable laws, regulations, and rules of the governmental agencies having jurisdiction, including without limitation, in substantial conformity all conditions and requirements of the Final Site Plan, Tract Map, and construction drawings and building permits approved by the City and Agency as set forth in Sections 401-404 herein.

J. (§410) Anti-discrimination During Construction.

Developer, for itself and its successors and assigns, agrees that Developer will not discriminate against any employee or applicant for employment because of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in connection with activities undertaken pursuant to this Agreement. Developer further agrees for itself and its successors and assigns that it shall comply with all applicable requirements of the ADA.

K. (§411) Bodily Injury, Property Damage, and Workers' Compensation Insurance

Prior to the close of Escrow for acquisition of each Phase of the Site, Developer and its general contractor shall furnish or cause to be furnished to Agency duplicate originals or appropriate endorsements of bodily injury and property damage insurance policies in the amount of at least Two Million Dollars ($2,000,000) combined single limits, naming City and Agency and their officers, employees, and agents as additional insureds or co-insureds. In addition, all such insurance:

(i) shall be primary insurance and not contributory with any other insurance which City or Agency may have;

(ii) shall contain no special limitations on the scope of protection afforded to City and Agency and their officers, officials, agents, and representatives;

(iii) shall be "date of occurrence" and not "claims made" insurance;

(iv) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

(v) shall provide that the policy will not be cancelled by the insurer or Developer unless there is a minimum of thirty (30)

days prior written notice to City and Agency; and

(vi) shall be written by a good and solvent insurer qualified to do business in California and registered with the California State Department of Insurance.

None of the above described policies shall require Developer to meet a deductible or self-insured retention amount of more than Ten Thousand Dollars ($10,000) unless approved in writing by Agency's Executive Director.

Developer shall also furnish or cause to be furnished to Agency's Executive Director evidence reasonably satisfactory to the Director that any contractor with whom Developer has contracted for the performance of work on and around the Site (or applicable Phase thereof) carries workers' compensation insurance as required by law.

Developer shall maintain the foregoing insurance policies in effect and assure compliance with the provisions of this Section 411 until Agency issues its final Certificate of Completion for the Project pursuant to Section 419 herein.

L. (§412) Indemnification.

Developer shall indemnify, defend, and hold harmless Agency and City and their officers, employees, and agents from and against all liability, loss, damage, costs, and expenses (including attorney's fees and court costs) arising from or as a result of the death or injury of any person or any accident, injury, loss, or damage whatsoever (whether or not covered by insurance) caused to

any person or to the property of any person which shall occur on or adjacent to the Site and which shall be caused by any acts done thereon or any errors or omissions of Developer or any of its agents, servants, employees, and contractors between the Effective Date and the date Agency issues its final Certificate of Completion for the Project.

M. (§413) Rights of Access.

For the purpose of assuring compliance with this Agreement, representatives of Agency shall have the reasonable right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to the inspection of the work being performed by Developer in constructing the Project. Such representatives of Agency shall be those who are so identified in writing by the Executive Director of Agency. Agency shall exercise its right of access to the Site under this Section 413 in such a manner as not to cause any delay to Developer, its officers, employees, agents, or contractors in the development of the Project on the Site. Agency shall indemnify, defend, and hold harmless Developer and Developer's officers, employees, and agents from any damage caused or liability arising out of its exercise of this right of access; provided that it is understood that Agency does not by this Section 413 assume any responsibility or liability for a negligent inspection or failure to inspect.

N. (§414) Prohibition Against Assignment and Transfer.

The qualifications and identity of Developer are of particular concern to Agency. It is because of those qualifications and

identity that Agency has entered into this Agreement with Developer. Accordingly, prior to the close of the final (41st) escrow for the completed dwelling units comprising the Project, Developer shall not, except as permitted in this Section 414, assign all or any part of this Agreement or any rights hereunder or in the Site without Agency's prior written approval.

Notwithstanding the foregoing, the following shall not require separate Agency approval for purposes of this Section 414:

(i) Transfers to any entity or entities in which Developer or one or more of the general partners of Developer as of the Effective Date of this Agreement has a minimum of fifty-one percent (51%) of the ownership interest and management control;

(ii) Transfers resulting from the death or mental or physical incapacity of an individual;

(iii) Transfers or assignments in trust for the benefit of a spouse, children, grandchildren, other family members, or for charitable purposes;

(iv) Transfers of stock in a publicly-held corporation or of the beneficial interest in any publicly-held partnership or real estate investment trust;

(v) Transfers between Developer's general partners existing as of the date hereof;

(vi) Any mortgage, deed of trust, sale and leaseback, or other form of conveyance required for any reasonable method of financing the acquisition and development of the Site or applicable Phase thereof, including all direct and indirect costs related thereto, and approved by Agency's Executive Director in accordance with Section 416 herein;

(vii) A sale, conveyance, or transfer of the Site at foreclosure (or a conveyance thereof in lieu of a foreclosure) pursuant to a foreclosure thereof by a lender meeting the requirements of subparagraph (vi) above;

(viii) The conveyance or dedication of portions of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the development of the Site; and

(ix) The sale of completed dwelling units to purchasers meeting the applicable requirements of Sections 501.2 and 501.3 and the applicable provisions set forth

in the Agreement Containing Covenants Affecting Real Property.

Developer shall deliver written notice to Agency requesting approval of any assignment or transfer requiring Agency approval hereunder.

In considering whether it will grant approval to any assignment by Developer of its interest in the Site or any portion thereof, which assignment requires Agency approval, Agency shall consider factors such as (i) the financial strength and capability of the proposed assignee to perform Developer's obligations hereunder and (ii) the proposed assignee's experience and expertise in the planning, financing, and development of similar projects. No assignment, including assignments which do not require Agency approval hereunder, but excluding assignments for financing purposes, shall be effective unless and until the proposed assignee executes and delivers to Agency an agreement in form satisfactory to Agency's attorney assuming the obligations of the assignor which have been assigned. Thereafter, the assignor shall be relieved of all responsibility to Agency for performance of the obligations assumed by the assignee.

Developer shall compensate Agency for its actual expenses (not including personnel or overhead expenses) incurred in investigating a proposed assignee's qualifications as a permitted assignee hereunder.

The restrictions of this Section 414 shall terminate upon the close of escrow for the sale by Developer and purchase by a

buyer of the final (i.e., 41st) completed dwelling unit comprising the Project.

O. (§415) Taxes, Assessments, Encumbrances, and Liens

Developer shall pay prior to delinquency all real estate taxes and assessments properly assessed and levied on the Site for the period of Developer's ownership. Developer shall not be responsible for real estate taxes and assessments levied on portions of the Site after those portions of the Site have been sold to purchasers of units in the Project.

Prior to the close of escrow for the final (i.e., 41st) completed dwelling unit comprising the Project, Developer shall not place or allow to be placed on the Site or portion thereof owned by Developer any mortgage, trust deed, encumbrance or lien (except mechanic's liens prior to suit to foreclose the same being filed) not authorized by this Agreement. Developer shall remove or have removed any levy or attachment made on the Site or applicable portion thereof, or assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder.

Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to Developer in respect thereto.

P. (§416) Security Financing; Right of Holders

1. Permitted Encumbrances.

Mortgages, deeds of trust, conveyances, and leases-back or any other form of conveyance required for any reasonable method of financing are permitted prior to the close of escrow for the

final (i.e., 41st) completed dwelling unit comprising the Project, but only for the purpose of securing loans of funds to be used for the construction of improvements on the Site or applicable Phase thereof and any other expenditures necessary and appropriate to develop the Site or applicable Phase thereof under this Agreement, and for the purpose of financing Developer's sale of units in the Project to purchasers. Prior to the close of escrow for the final (i.e., 41st) completed dwelling unit comprising the Project and Developer's payment of the Promissory Note, Developer shall not enter into any such conveyance for financing purposes without the prior written consent of Agency's Executive Director, which consent shall be given if such conveyance (i) is for the purposes permitted herein, (ii) is given to a financial or lending institution or other acceptable person or entity capable of performing or causing to be performed Developer's obligations under this Agreement, including without limitation a pension fund, insurance company, or real estate investment trust, and (iii) satisfies all of the requirements for the Construction Loan set forth in Section 314 herein. Any disapproval shall be in writing and state the reasons therefor; provided, however, that Agency shall permit conveyance of units to purchasers of such units and shall permit encumbrance of those units with financing instruments without any further approval by Agency (except any approvals required pursuant to the Loan Agreement for the Restricted Units).

2. Holder Not Obligated to Construct Improvements.

The holder of any mortgage or deed of trust or other security interest authorized by this Agreement shall in no way be

obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenant or any provision in the Agreement Containing Covenants Affecting Real Property be construed to so obligate such holder; provided, however, that nothing in this Agreement shall be deemed or construed to permit, or authorize any such holder to devote the Site or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

3. Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure.

Whenever Agency shall deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the improvements, Agency shall at the same time deliver a copy of such notice or demand to each approved holder of record of any mortgage, deed of trust, or other security interest which has previously requested such notice in writing. Each such holder shall (insofar as the rights of Agency are concerned) have the right, at its option within sixty (60) days after the receipt of the notice, to commence and thereafter to diligently proceed to cure or remedy such default and add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to preserve and protect the improvements or construction already begun) without first having expressly assumed Developer's obliga-

tions to Agency by written agreement satisfactory to Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvements shall be entitled to a Certificate of Completion (partial or final, as applicable) upon written request made to Agency.

4. Right of Agency to Cure Mortgage, Deed of Trust, or Other Security Interest Default.

In the event of a default or breach by Developer of a mortgage, deed of trust, or other security interest or leaseback or conveyance for financing prior to the close of escrow for the final (i.e., 41st) completed dwelling unit comprising the Project, and subject to the applicable period during which Developer may cure such default, Agency may cure the default prior to completion of any foreclosure. In such event, Agency shall be entitled to reimbursement from Developer of all costs and expenses reasonably incurred by Agency in curing the default, which right of reimbursement shall be secured by a lien upon the Site or applicable portion thereof to the extent of such costs and disbursements. Any such lien shall be subject to:

(i) Any mortgage, deed of trust, or other security instrument or sale and leaseback or other conveyance for financing permitted by this Agreement; or

(ii) Any rights or interests provided in this Agreement for the protection of the

holders of such mortgages, deeds of trust, or other security instruments, the lessor under a sale and lease-back, or the grantee under such other conveyance for financing; provided that nothing herein shall be deemed to impose upon Agency any affirmative obligations (by the payment of money, construction, or otherwise) with respect to the Site or applicable portion thereof in the event of its enforcement of its lien.

Q. (§417) Right of Agency to Satisfy Liens

Prior to the close of escrow for the final (i.e., 41st) completed dwelling unit comprising the Project, and after Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Site or applicable portion thereof, Agency, after sixty (60) days prior written notice to Developer, shall have the right, but not the obligation, to satisfy any liens or encumbrances on the Site or applicable portion thereof; provided, however, that nothing in this Agreement shall require Developer to pay or make provision for the payment of any tax, assessment, lien, or charge so long as Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site or applicable portion thereof to forfeiture or sale.

R. (§418) Estoppels

At the request of Developer or any holder of a mortgage or deed of trust, Agency shall, from time to time and upon the request of such holder, timely execute and deliver to Developer or such holder a written statement of Agency that no default or breach exists (or would exist with the passage of time, or giving of notice, or both) by Developer under this Agreement, if such be the case, and certifying as to whether or not Developer has at the date of such certification complied with any obligation of Developer hereunder as to which such holder may inquire. The form of any estoppel letter shall be prepared by the holder or Developer and shall be at no cost to Agency; Developer shall reimburse Agency for any costs incurred in connection therewith, including Agency's legal expenses, upon submission to Developer of an invoice therefor by Agency.

S. (§419) Certificate of Completion.

Upon the satisfactory completion of construction of each of the first three sub-Phases of the Project (i.e., 1A, 1B, and 2B), Agency shall furnish Developer with a partial Certificate of Completion for such work in the form attached hereto as Attachment No. 8 upon written request therefor by Developer. Upon the satisfactory completion of construction of sub-Phase 2B and completion of the entire Project, Agency shall furnish Developer with a final Certificate of Completion for such work in the form attached hereto as Attachment No. 8 upon written request therefor by Developer. Such Certificates of Completion shall be in a form

so as to permit recordation in the Office of the Recorder of the County of Los Angeles.

Each partial Certificate of Completion shall be, and shall so state, a conclusive determination of satisfactory completion of Developer's development obligations under this Agreement for the particular sub-Phase of the Project covered thereby, and of full compliance with the terms of this Agreement relating to construction of that sub-Phase of the Project on the Site.

After the date Developer is entitled to the issuance of the final Certificate of Completion, and notwithstanding any other provisions of this Agreement to the contrary, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by the following: (i) the indemnity obligations referred to in Section 412 herein (for acts and omissions occurring prior to issuance of the final Certificate of Completion), (ii) the restrictions on assignment and transfer set forth in Sections 414 and 416 (which restrictions terminate upon the close of escrow of the final (i.e., 41st) completed dwelling unit comprising the Project), (iii) the covenants regarding use, maintenance, sale, resale, and occupancy contained in Sections 501-502 and 505, (iv) the covenants regarding non-discrimination contained in Sections 503-505, (v) the covenants contained in the Agreement Containing Covenants Affecting Real Property and Loan Agreement which survive the issuance of the final Certificate of Completion, and (vi) any executory obligations to

pay the Purchase Price set forth or referred to in Section 304, the Promissory Note for each unit, and the Deed of Trust for each unit. Notwithstanding the foregoing, subparagraphs (i) and (ii) of this paragraph shall not apply to bona fide purchasers for value of the individual completed Units and such purchasers shall not be bound by said subparagraphs (i) and (ii) of this paragraph.

Agency shall not unreasonably withhold issuance of the partial or final Certificates of Completion. If Agency refuses or fails to furnish the partial or final Certificates of Completion after written request from Developer, Agency shall, within thirty (30) days after such written request, provide Developer with a written statement of the reasons Agency refused or failed to furnish the partial or final Certificate of Completion. The statement shall also contain Agency's opinion of the action Developer must take to obtain the partial or final Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping or minor so-called "punch-list" items that do not present significant health and safety concerns, Agency will issue its partial or final Certificate of Completion upon the posting of a cash deposit by Developer with Agency in an amount representing the fair value of the work not yet completed.

Neither the partial or final Certificates of Completion shall constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage or any insurer of a mortgage on or with respect to the Site. The Certificate of

Completion is not a notice of completion as referred to in California Civil Code Section 3093.

V. (§500) **USES OF THE SITE**

A. (§501) Use of the Site

1. General.

Developer covenants and agrees for itself and its successors and assigns to its interest in each Phase of the Site that Developer and such successors and assigns shall devote the Site or applicable portion thereof to uses consistent with this Agreement, the approved Project plans, and the Agreement Containing Covenants Affecting Real Property, whichever is more restrictive, for the periods of time set forth in this Agreement and the Agreement Containing Covenants Affecting Real Property.

2. Sale of Units.

Developer covenants to sell Units in the Project only to purchasers who certify that they intend to occupy the Unit as their principal residence and for no other purpose and that such purchasers shall not enter into an agreement, whether oral or written, for the rental or lease of the Unit.

3. Affordable Housing.

Developer covenants and agrees for itself and its successors and assigns to its interest in the Site that for the period from the Effective Date and continuing until November 27, 2019 (the expiration of the land use controls in the Redevelopment Plan), the sale, resale, and occupancy of the Units comprising the Project shall be restricted as follows:

Notwithstanding the above allocation, (A) Developer shall not be prevented from increasing the number of Restricted Units in a particular sub-phase (i.e., the number of Restricted Units for each sub-Phase is a minimum number); and (B) in the event that Developer is able to sell more Restricted Units in a particular sub-Phase than shown on the above allocation chart, Developer shall receive one "credit" for each such extra Restricted Unit which Developer may apply to reduce the number of Restricted Units required for a subsequent sub-Phase.

Agency shall cooperate with Developer in providing information to Developer and to qualifying lenders throughout Developer's sales program to enable them to calculate whether a prospective purchaser meets the legal low or moderate income standard.

(iii) In addition to the foregoing, in the event that Developer has received applications or purchase offers for Restricted Units from more eligible and qualified prospective purchasers than can be satisfied with the number of remaining unsold units, Developer shall give first priority in sales to purchasers who, for a minimum period of thirty (30) days prior to submitting such application or offer are either a bona fide resident of the City of Duarte or an employee of a business located in the City of Duarte.

(iv) Prior to commencement of its sales program, Developer shall submit to Agency's Executive Director for approval the form of the documents that Developer proposes to utilize with prospective purchasers of Restricted Units to obtain the necessary information and certifications to enable Developer to qualify

(i) Prior to commencement of its sales program for the Project, Developer shall submit to Agency's Executive Director for approval a marketing plan for that Phase designed to provide maximum public awareness of the availability of the affordable housing units in the Project and the sales priority to be given to low or moderate income households. Such marketing plan shall include at a minimum periodic newspaper advertisements of sufficient size to attract public notice and notification to public agencies and non-profit corporations active in developing or managing affordable housing projects and/or providing assistance to low or moderate income persons and households. Approval of the marketing plan shall not be unreasonably withheld, conditioned, or delayed. Once the marketing plan is approved, Developer shall market the units in accordance therewith.

(ii) Subject to Section 501.4 below, Developer shall restrict sales of twenty-eight (28) of the Units in the Project (the "Restricted Units") to purchasers who are low or moderate income persons or households (as determined in accordance with California Health and Safety Code Section 50093).

The twenty-eight (28) Restricted Units in the Project shall be allocated to the four (4) sub-Phases as follows:

Sub-Phase	Restricted Units	Unrestricted Units	Total Units
1A	8	4	12
1B	6	3	9
2A	7	3	10
2B	7	3	10

eligible purchasers in accordance with subparagraph (ii) and (iii) above. Approval of such documents shall not be unreasonably withheld, conditioned, or delayed. Throughout Developer's sales program, Developer shall utilize the approved documents. No later than thirty (30) days after the close of escrow for sale of the last Restricted Unit in each Phase of the project, Developer shall submit all of the completed forms to Agency for all of the Restricted Units (including the forms filled out by persons who did not ultimately acquire a Restricted Unit), in order to enable Agency to monitor Developer's compliance with the requirements of subparagraphs (ii) and (iii) and determine the number of Restricted Units sold to persons and households meeting legal low or moderate income standards.

(v) Each purchaser from Developer of a Restricted Unit in the Project shall be required to execute (and acknowledge as required) a document substantially in the form of the Loan Agreement (Attachment No. 9 hereto), the promissory note and deed of trust attached thereto, and such other documents as may be reasonably required by Agency and consistent therewith. The principal amount of the "Agency Loan" referred to in Section 1 of each Loan Agreement with an individual purchaser and the Note Amount contained in each promissory note shall be equal to the amount provided by Agency to the Restricted Unit buyer in the form of second mortgage financing, up to a maximum second mortgage financing amount for any one buyer of a Restricted Unit of Fifteen Thousand Dollars ($15,000); provided, however, that in no event shall the total amount of the Agency Loans, for all of the

Restricted Units combined, be greater than Three Hundred Fifty Thousand Dollars ($350,000).

Each individual Loan Agreement and Note shall be secured by a standard short form deed of trust used by a title company acceptable to Agency, junior and subordinate only to the lien of a first deed of trust meeting the requirements set forth in Section 10 of each Loan Agreement, and with such second trust deed modified by a rider in substantially the form attached to the Loan Agreement as Exhibit "D."

The purpose of the individual Loan Agreements and the exhibits thereto shall be to secure enforcement of Agency's objective of maintaining the Project as an affordable residential project, recouping over time Agency's financial investment in the Project in order to enable to Agency to increase, improve, and preserve the community's supply of affordable housing, and enable purchasers of Restricted Units to sell those Restricted Units to persons who do not meet Agency's income criteria provided that Agency is reimbursed for its investment in such Restricted Units.

Notwithstanding the above, Developer may sell a Restricted Unit without an Agency Loan provided that the purchaser of such Unit executes all such documents as may be necessary, in a form acceptable to Agency's counsel, to effect all of the requirements pertaining to restrictions on re-sale and affordability and other matters to which a purchaser obtaining second mortgage financing from the Agency would be obligated.

4. Sale of Restricted Units as Unrestricted Units

(i) Sub-Phase 1A

Developer shall market the sub-Phase 1A Restricted Units for a period of not less than one hundred fifty (150) days commencing from the date the model homes are open for viewing by the general public. Developer shall notify Agency's Executive Director of the date that the model homes opened to the general public; Developer's notification shall occur no later than two (2) business days following the opening of the model homes.

In the event that Developer, despite Developer's best efforts, has been unable to enter into purchase and sale agreements to sell all the sub-Phase 1A Restricted Units to qualified buyers, any such sub-Phase 1A Restricted Units remaining unsold (i.e., for which a purchase and sale agreement with a qualified buyer has not been executed) may then be marketed by Developer as an Unrestricted Unit; provided, however, that Developer shall continue to use its best efforts to sell such Unit as a Restricted Unit. In the event that Developer sells any such Restricted Unit as an Unrestricted Unit, Developer shall pay Agency, in addition to the Twenty Thousand Dollar ($20,000) purchase price for the lot for that Unit, the amount defined in Section 501.5 as Developer's Additional Payment.

(ii) Sub-Phases 1B, 2A, and 2B

Subject to the "credit" provisions for producing extra Restricted Units described in Section 501.3(ii), Developer shall market the sub-Phase 1A, 2A, and 2B Restricted Units for a period of not less than ninety (90) days commencing from the date

Developer commences its marketing effort for each of such sub-Phases. Developer shall notify Agency's Executive Director of the date that Developer commenced marketing efforts for the applicable sub-Phase; Developer's notification shall occur no later than two (2) business days following its commencement of said marketing effort for the applicable sub-Phase.

In the event that Developer, despite Developer's best efforts, has been unable to enter into purchase and sale agreements to sell to qualified buyers, during the ninety (90) day marketing period for each of sub-Phases 1A, 2A, and 2B, all of the Restricted Units allocated to each such sub-Phase (subject to the "credit" provision for sale of extra Restricted Units described in Section 501.3(ii)), Restricted Units remaining unsold in the applicable sub-Phase (i.e., for which a purchase and sale agreement with a qualified buyer has not been executed) may then be marketed by Developer as an Unrestricted Unit; provided, however, that Developer shall continue to use its best efforts to sell such Unit as a Restricted Unit. In the event that Developer sells any such Restricted Unit as an Unrestricted Unit, Developer shall pay Agency, in addition to the Twenty Thousand Dollars ($20,000) purchase price for the lot for that Unit, the amount defined in Section 501.5 as Developer's Additional Payment.

5. Developer's Additional Payment

Developer acknowledges that it is receiving financial assistance in the form of a "land write-down" as a financial incentive to construct affordable housing and that such financial assistance has come from Agency's Low and Moderate Income Housing

Fund under Health and Safety Code Section 33334.2 et seq. (the "Housing Fund"). Developer further acknowledges that Housing Fund monies are restricted for development of affordable housing units and that if Developer sells a Restricted Unit as an Unrestricted Unit that Agency is obligated to replace in the Housing Fund the portion of the Housing Fund monies that assisted the development of that anticipated Restricted Unit that was sold as an Unrestricted Unit.

In light of the above legal requirements, Developer agrees that any Restricted Unit sold as an Unrestricted Unit in accordance with the provisions of Section 501.4 shall obligate Developer, at the close of escrow for such Unit to pay Agency an additional Four Thousand Dollars ($4,000) ("Additional Payment").

THE PARTIES HERETO AGREE THAT THE AMOUNT SET FORTH ABOVE AS THE "ADDITIONAL PAYMENT" CONSTITUTES A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A SALE BY DEVELOPER OF A RESTRICTED UNIT AS AN UNRESTRICTED UNIT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE ADDITIONAL PAYMENT AMOUNT TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE AMOUNT REQUIRED TO REIMBURSE THE AGENCY'S LOW AND MODERATE INCOME HOUSING FUND AND THE DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN,

AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

DEVELOPER'S INITIALS: _____ AGENCY'S INITIALS: _____

Payment by Developer to Agency of the Additional Payment shall be made as part of the escrow when such Unit is sold to a purchaser and shall be paid to Agency by the escrow agent. Developer shall notify the escrow agent handling such escrow of the provisions of this Section 501.5 and escrow agent shall be responsible for complying with the provisions hereof.

Upon receipt of the Additional Payment(s), Agency shall hold said amount(s) until the final (i.e., the 41st) Unit in the Project is sold to a buyer or is otherwise disposed of by Developer. At that time, Agency, in consultation with Developer, shall determine how many Units out of the forty-one (41) units in the Project Developer sold as Restricted Units. Agency shall retain the amount of Four Thousand Dollars ($4000) for each Unit under the required number of twenty-eight (28) Restricted Units Developer was required to produce, and shall return to Developer all Additional Payment amounts over such retained amount.

[EXAMPLE #1: Over the course of the Project Developer paid Agency $16,000 in Additional Payments. At the time the last Unit was sold, Agency determines that Developer sold 26 Units out of the 41 Units in the Project as Restricted Units. Agency retains $8000 and returns $8000 to Developer.]

[EXAMPLE #2: Over the course of the Project Developer paid Agency $16,000 in Additional Payments. At the time the last Unit was sold, Agency determines that Developer sold 28 Units out of the 41 Units in the Project as Restricted Units. Agency returns $16,000 to Developer.]

B. (§502) Maintenance of the Site

Developer agrees, for itself and its successors in interest to all or any portion of the Site from the Effective Date until November 27, 2019, (the expiration of the land use controls in the Redevelopment Plan), to maintain all improvements on the Site (or until all of the parcels comprising the Site are conveyed by Agency to Developer, the parcels so conveyed) in first class condition and repair (and, as to landscaping, in a healthy condition) and in accordance with the Redevelopment Plan, the approved plans referenced in Sections 401 through 405 herein, as the same may be amended from time to time, and all other applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. In addition, Developer and such successors and assigns shall keep the Site free from all graffiti and any

accumulation of debris or waste material. Developer and such successors and assigns shall make all repairs and replacements necessary to keep the improvements in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable approved materials.

In the event that Developer or its successors or assigns breaches any of the covenants contained in this Section 502, and such default continues for a period of five (5) days after written notice from Agency (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Agency (with respect to building improvements), then Agency, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Site or applicable portion thereof and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Agency and/or City shall be permitted (but are not required) to enter upon the Site or applicable portion thereof and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Site or applicable portion thereof, and to attach a lien on the Site or applicable portion thereof, or to assess the Site or applicable portion thereof, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by Agency and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by Developer (or its successors or assigns) to Agency upon demand.

Developer's obligations pursuant to the foregoing paragraphs of this Section 502 with respect to each of the forty-one (41) lots/Units shall terminate, with respect to each such lot/Unit, as of the date of the close of escrow conveying that lot/Unit to the purchaser.

Additionally, as provided in Section 306, the City shall have an easement over the exterior landscaped areas of the Site whereby the City shall maintain such areas as part of a Landscape and Lighting District. Developer covenants for itself and its successors and assigns, including the purchasers of individual units in the Project, not to interfere with the City's maintenance of such easement areas.

C. (§503) Obligation to Refrain from Discrimination

There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the enjoyment of the Site, nor shall Developer itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. Developer further covenants for itself and its successors and assigns that it shall comply with all the applicable requirements of the ADA. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

D. (§504) Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the rental, sale, or lease of any portion of the Site, or contracts relating to the Site, on the basis of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin of any person and shall comply with all the applicable requirements of the ADA. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants that there shall be no discrimination against or segregation of any person or group of persons on account of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee himself, or any persons claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The grantee herein further covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that he shall comply with all the applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.). The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased. Additionally, this lease shall be carried out in compliance with all the applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.)."

3. In contracts: "There shall be no discrimination against or segregation of any persons or group of persons on account of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the sale, lease, transfer, use, occupancy, tenure, or enjoyment of land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees,

subtenants, sublessees, or vendees of land. Additionally, this contract shall be carried out in compliance with all applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.)."

E. (§505) Effect of Covenants

Agency is deemed a beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. The covenants in favor of Agency shall run without regard to whether Agency has been, remains, or is an owner of any land or interest therein in the Site, or in the Project Area. Agency shall have the right, if any of the covenants set forth in this Agreement or the Agreement Containing Covenants Affecting Real Property which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of such covenants may be entitled.

F. (§506) Agreement Containing Covenants Affecting Real Property.

Within the times set forth in the Schedule of Performance, Developer shall record against the parcels conveyed to Developer in each Phase an Agreement Containing Covenants Affecting Real Property in the form set forth in Attachment No. 10 to this Agreement.

Agency, with respect to Unrestricted Units sold in each Phase in accordance with the terms of this Agreement, shall, for and at the time of the close of escrow for each such Unrestricted Unit, release the affordability covenants contained in Paragraph 5(b) of the Agreement Containing Covenants Affecting Real Property. Agency shall execute and deliver to Developer an appropriate document to be recorded as a further covenant effecting such release.

VI. (§600) DEFAULTS, REMEDIES, AND TERMINATION

A. (§601) Defaults--General

Subject to the extensions of time set forth in Section 703, failure or delay by any party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, except as specifically set forth in Section 502 of this Agreement with respect to particular types of defaults referred to therein, such party shall not be deemed to be in default if (i) it cures, corrects, or remedies such default within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within thirty (30) days, if such party commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Copies of any notice of default given to Developer

shall also be given to any permitted lender requesting such notice. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§602) Legal Actions

1. Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, or in any other appropriate court in that county.

Notwithstanding the foregoing, in no event shall either party be entitled to the remedy of specific performance prior to the actual close of Escrow for Phase 1 of the Project. Developer's sole and exclusive remedy for any claimed default by Agency prior to the actual close of Escrow for Phase 1 of the Project shall be an action for damages.

In the event that this Agreement is terminated subsequent to the close of Escrow for Phase 1 but prior to the close of Escrow for Phase 2, the obligations of both parties with respect to Phase 1 shall continue in full force and effect unless the terminating non-defaulting party agrees otherwise in writing. In the event that this Agreement is terminated prior to the close of Escrow for Phase 1, whether or not due to the default or alleged default by Agency or Developer, Developer shall execute and deliver to Agency in recordable form a quitclaim deed for the Site. In the event that this Agreement is terminated after close of escrow for Phase 1 but prior to the close of Escrow for Phase 2, Developer shall execute and deliver to Agency in recordable form a quitclaim deed for the Phase 2 portion of the Site unless Developer institutes an action for specific performance within the time required by applicable law or this Agreement, whichever is more restrictive.

2. Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. Acceptance of Service of Process

In the event that any legal action is commenced by Developer against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Agency against Developer, service of process on Developer shall be made by personal service upon Developer or in such other manner as may be

provided by law, and shall be valid whether made within or without the State of California.

C. (§603) Rights and Remedies are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. (§604) Attorney's Fees

If either party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. If either party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other party, then the party so litigating shall be entitled to reasonable attorney's fees from the other party to this Agreement. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, retaining expert witnesses, taking depositions and discovery, and all other necessary costs incurred with respect to such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

E. (§605) Power of Termination After Close of Escrow

Agency shall have the additional right at its option to reenter and take possession of any Phase of the Site or with all improvements thereon and to terminate and revest in the Agency the estate conveyed to Developer if, after conveyance of title and prior to the date that Agency is obligated to issue its partial or final Certificate of Completion with respect thereto for the Project pursuant to Section 419 herein, and subject to extensions of time pursuant to Section 703 herein, Developer (or its successors in interest) shall commit any of the following material defaults hereunder and fail to cure such default(s) within the applicable cure period:

(i) Fail to commence construction [the date of commencement of construction shall be deemed to be the date construction of off-site improvements were required to commence] of such Phase of the Project for a period of ninety (90) days after Agency conveyance of title (provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled); or

(ii) Abandon or substantially suspend construction of such Phase of the Project for a period of sixty (60) days after written notice of such abandonment or suspension from Agency (provided that Developer shall not have

obtained an extension or postponement to which Developer may be entitled); or

(iii) Transfer, or suffer any involuntary transfer of, such Phase or any portion thereof, in violation of this Agreement.

Agency's power of termination as set forth herein shall not apply to any parcel within the Site after said parcel has been developed and sold to a purchaser meeting the applicable requirements of Sections 501.2 and 501.3 of this Agreement and the applicable provisions set forth in the Agreement Containing Covenants Affecting Real Property. In addition, Agency's rights to reenter, repossess, terminate, and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage, deed of trust, or other financing interests permitted by this Agreement;

(ii) Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other financing interests.

Upon the revesting in Agency of title to the Site or portion thereof as provided in this Section 605, the Agency shall, pursuant to its responsibilities under State law, use its best efforts to resell the Site or portion thereof as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by Agency), who will

assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to Agency in its sole and absolute discretion and in accordance with the uses specified for the Site in the Redevelopment Plan. Upon such resale of the Site or portion thereof the proceeds thereof shall be applied:

(i) First, to reimburse Agency on its own behalf or on behalf of the City for all costs and expenses incurred by Agency (including but not limited to salaries to personnel engaged in such action, but excluding Agency's general overhead expenses) in connection with the recapture, management, and resale of the Site or portion thereof (but less any income derived by Agency from the Site or portion thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Site or portion thereof (or, in the event the Site or portion thereof is exempt from taxation or assessments, or charges, such taxes, assessments, and charges as would have been payable if the Site or portion thereof were not so exempt) to the time of resale of the Site or portion thereof, this provision concerning taxes, assessments, and water and sewer charges applicable to Developer during the period of

time Developer holds title and with respect to any subsequent owner during the time such subsequent owner holds title; any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Site or portion thereof; any amounts otherwise owing to Agency by Developer and its successors or transferees; and

(ii) Second, to reimburse Developer or its successors or transferees up to the amount equal to the sum of (1) the portion of the Purchase Price for the Site attributable to such parcels; and (2) all of the verified actual direct and indirect costs incurred by Developer for development of the Site or portion thereof at the time of Agency's reentry and repossession (but in an amount not to exceed the fair market value of the improvements on the Site or portion thereof at such time, determined by an appraisal to be conducted by Agency at Developer's expense);

less (3) any profits withdrawn or made by the Developer from the Site or portion thereof or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by Agency as its property.

The rights established in this Section 605 are to be interpreted in light of the fact that Agency will convey the Site to Developer for development and not for speculation in undeveloped land.

F. (§606) Plans, Drawings and Documents To Be Assigned to Agency

If this Agreement is terminated for any reason other than an uncured material default by Agency hereunder, either prior to or after conveyance of any Phase of the Site, Developer covenants to immediately assign and release to Agency any ownership rights and interest that Developer may have in any and all of the plans, drawings, and permits as have been prepared for the development of any portion of the Site to date of the termination; provided, that Developer does not covenant to convey the copyright or other ownership rights of third parties. Agency understands and agrees that the assignment to Agency under this Section 606 is subject and subordinate to any assignment which Developer may make to a lender providing financing for the Project, and Agency agrees to execute any documents required by such lender acknowledging and effectuating such subordination of Agency's rights in and to the assignment.

VII. (§700) **GENERAL PROVISIONS**

A. (§701) Notices, Demands and Communications Between the Parties

Formal notices, demands, and communications between Agency and Developer shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Agency: Redevelopment Agency of the City of Duarte
1600 Huntington Drive
Duarte, CA 91010
Attn: Executive Director

With a copy to: Rutan & Tucker
611 Anton Blvd., Suite 1400
Costa Mesa, California 92626
Attn: Jeffrey M. Oderman

To Developer: Las Brisas-Duarte Limited
c/o Michael Keele [Southland Land Corp.]
2990 East Colorado Blvd., Suite C-105
Pasadena, California 91107

With a copy to: Ephraim P. Kranitz
4929 Wilshire Boulevard, Suite 700
Los Angeles, California 90010

Notices shall be deemed effective upon receipt; provided, however, that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice to the delivering party shall be effective on the third day after the attempted personal delivery or delivery by document delivery or deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other

addresses as either party may from time to time designate by delivery of notice in accordance with the provisions hereof.

B. (§702) Nonliability of City and Agency Officials and Employees; Conflicts of Interest

No member, official, employee, or contractor of City or Agency shall be personally liable to Developer in the event of any default or breach by Agency or for any amount which may become due to Developer or on any obligations under the terms of this Agreement.

No member, official, employee, or agent of City or Agency shall have any direct or indirect interest in this Agreement nor participate in any decision relating to this Agreement which is prohibited by law.

C. (§703) Enforced Delay; Extension of Times of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of such party, including as applicable: war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, supernatural causes, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, weather which halts construction, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplies, acts of the other party, acts or the failure to act of City or any other public or governmental agency or entity (except that any act or failure to

act of or by Agency shall not excuse performance by Agency). Notwithstanding the foregoing, Developer's inability to secure satisfactory financing, interest rates, and market and economic conditions shall not entitle Developer to an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause.

Times of performance under this Agreement may be extended by mutual written agreement by Agency and Developer. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

D. (§704) Inspection of Books and Records

Agency shall have the right at all reasonable times to inspect the books and records of Developer pertaining to the Site as pertinent to the purposes of this Agreement. Developer also has the right at all reasonable times to inspect the books and records of Agency pertaining to the Site as pertinent to the purposes of the Agreement.

E. (§705) Interpretation

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only,

and shall not be construed to limit or extend the meaning of this Agreement.

F. (§706) Entire Agreement, Waivers and Amendments

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Agency and Developer.

G. (§707) Consent; Reasonableness

Except when this Agreement specifically authorizes a party to withhold its approval or consent in its sole and absolute discretion, when either Agency or Developer shall require the consent or approval of the other party in fulfilling any agreement, covenant, provision, or condition contained in this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the party from whom such consent or approval is sought.

H. (§708) 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 this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the

purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

I. (§709) No Third Party Beneficiaries

Notwithstanding any other provision of this Agreement to the contrary, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than Agency and Developer, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement. Not by way of limitation of the foregoing, the purchasers of the dwelling units to be developed in the Project are not intended to be third party beneficiaries hereunder.

J. (§710) Authority of Signators to Bind Principals

The persons executing this Agreement on behalf of their respective principals represent that they have been authorized to do so and that they thereby bind the principals to the terms and conditions of this Agreement.

K. (§711) Representations and Warranties

Developer represents and warrants that: (i) it is a limited partnership duly organized and existing under the laws of the State of California, in good standing, and authorized to do business and doing business in the County of Los Angeles; (ii) it has all

requisite power and authority to carry out its business as now and whenever conducted and to enter into and perform its obligations under this Agreement; (iii) by proper action of Developer, Developer's signatories have been duly authorized to execute and deliver this Agreement; (iv) the execution of this Agreement by Developer does not violate any provision of any other agreement to which Developer is a party; and (v) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by Developer are necessary in connection with the execution of this agreement by Developer or with the performance by Developer of its obligations hereunder.

L. (§712) Execution

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[END - SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date specified herein.

"AGENCY"

REDEVELOPMENT AGENCY OF THE CITY OF DUARTE

By: _____
Chairman

ATTEST:

_____
Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER

By: _____
Jeffrey M. Oderman
Attorneys for the Redevelopment Agency of the City of Duarte

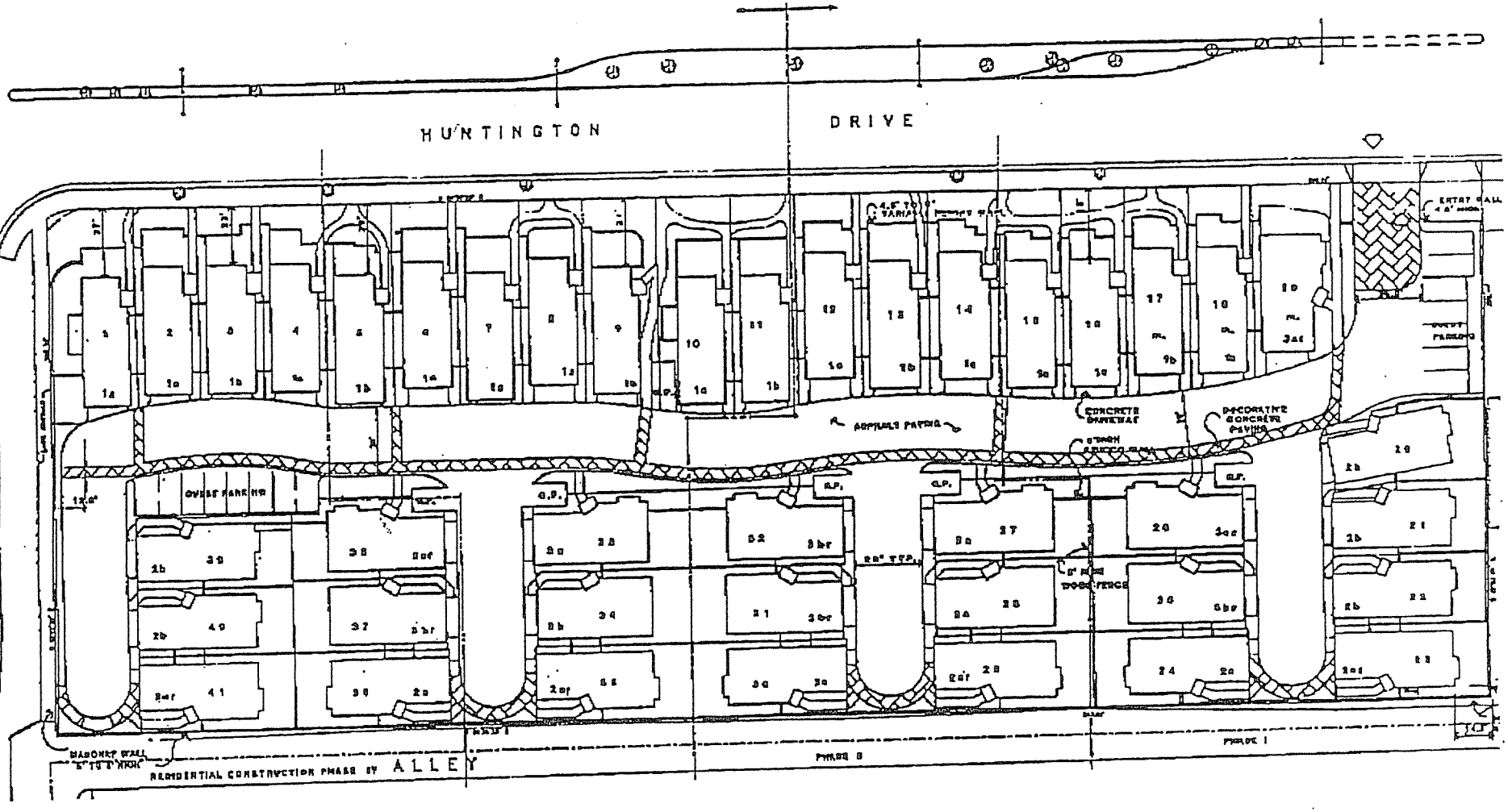
"DEVELOPER"

LAS BRISAS-DUARTE LIMITED, a California limited partnership

By: Arcanum Investments, Inc., a California corporation, its general partner

By: _____

Its: PRESIDENT



Las Brisas
Specific Plan

Site Plan

LEGAL DESCRIPTION OF SITE

THE SITE:

Lots 1 through 41, inclusive, of Tract No. 51911 in the City of Duarte, County of Los Angeles, State of California, as per Map recorded in Book _____, Pages _____, inclusive, of Maps, records of the Los Angeles County Recorder.

Phase 1:

Lots 12 through 32, inclusive, of Tract No. 51911 in the City of Duarte, County of Los Angeles, State of California, as per Map recorded in Book _____, Pages _____, inclusive, of Maps, records of the Los Angeles County Recorder.

Phase 2:

Lots 1 through 11, inclusive, and Lots 33 through 41, inclusive, of Tract No. 51911 in the City of Duarte, County of Los Angeles, State of California, as per Map recorded in Book _____, Pages _____, inclusive, of Maps, records of the Los Angeles County Recorder.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

	Item of Performance	Time for Performance
1.	Agency applies for approval of tentative Tract Map subdividing the Site. (§302)	Completed.
2.	Developer and Agency agree upon Approved Title Condition. (§312)	For Phase 1, prior to close of escrow for Phase 1; for Phase 2, prior to close of escrow for Phase 2.
3.	Developer submits proposed Specific Plan for the Site. (§402)	Within five (5) days after Effective Date.
4.	City approves (or disapproves) Specific Plan for the Site. (§402)	Within five (5) days after performance of Item No. 3.
5.	Developer enters onto Site to perform physical and environmental inspection and testing. (§311)	Completed.
6.	Developer accepts environmental condition of Site. (§311)	Completed.
7.	Developer files complete Final Site Plan application with City/Agency. (§402)	Completed.
8.	Agency approves (or disapproves) Final Site Plan for Project and exercises reasonable diligence in an effort to cause the City to do the same. (§402)	Completed.
9.	Developer and Agency open escrow for Phase 1. (§308.1)	Within seven (7) days after Effective Date.
10.	Developer submits final building plans for sub-Phase 1A of the Project to Agency and City. (§§403-404)	On or before December 22, 1994.

	Item of Performance	Time for Performance
11.	Agency exercises reasonable diligence to cause City to complete initial plan check of final building plans for sub-Phase 1A of the Project. (§404)	Within (30) days after receipt of complete submittal.
12.	Developer submits corrections and revisions to final building plans for sub-Phase 1A of the Project, as applicable. (§§403-404)	No later than the later of (i) fifteen (15) days after performance of Item No. 11, or (ii) February 9, 1995.
13.	Developer obtains approval of final building plans for sub-Phase 1A of the Project, pays all permit fees, deposits bonds (as required), and obtains all other required permits for sub-Phase 1A. (§404)	Within fifteen (15) days after performance of Item No. 12.
14.	Agency executes Agency Guaranty. (§406)	No later than five (5) days prior to Item No. 19.
15.	Developer submits evidence of financial capability for Phase 1. (§314)	Within fifteen (15) days after City approval of final building plans for sub-Phase 1A.
16.	Agency's Executive Director approves (or disapproves) Developer's evidence of financial capability for Phase 1. (§314)	Within fifteen (15) days after receipt of complete submittal.
17.	Agency and Developer approve CC&Rs. (§307)	No later than five (5) days prior to Item No. 19.
18.	Phase 1 Escrow Closing Date. (§308.1)	Within seven (7) days after performance of Item Nos. 1-17, inclusive.

	Item of Performance	Time for Performance
19.	Developer executes Promissory Notes, Agreement Containing Covenants Affecting Real Property, Deeds of Trust for Phase 1, and CC&R's for entire Site and submits to Escrow Agent. (§§304, 306, 307, 309, and 506)	On or before 12:00 Noon of the last business day prior to the Closing Date for Phase 1.
20.	Developer submits evidence of insurance for Phase 1. (§411)	Prior to Closing Date for Phase 1.
21.	Agency causes final Tract Map to be recorded. (§302)	Prior to or concurrently with Close of Escrow for Phase 1.
22.	Close of Escrow and Recordation of Grant Deed, Agreement Containing Covenants Affecting Real Property, Deeds of Trust for Phase 1, and CC&R's for Phase 1. (§§304, 306, 307, 308.3, and 506)	Within thirty (30) days after Escrow Opening Date for Phase 1; provided, subject to Section 703, in no event shall the Phase 1 Closing Date occur after January 31, 1995, without the mutual written consent of Agency and Developer.
23.	Developer obtains building permit(s) and commences construction of sub-Phase 1A of the Project. (§§401-402,407,502)	Within fifteen (15) days after close of escrow for Phase 1.
24.	Developer submits to Agency's Executive Director for approval (i) marketing plan and (ii) form of documents Developer proposes to submit to purchasers of units. (§501)	Prior to commencement of sales program.
25.	Developer completes construction of sub-Phase 1A of the Project and obtains City approval of final inspection. (§§401,407)	Within one hundred fifty (150) days after commencement of construction.

	Item of Performance	Time for Performance
26.	Agency issues partial Certificate of Completion for sub-Phase 1A. (§419)	Upon satisfactory completion of construction of sub-Phase 1A of the Project upon request of Developer.
27.	Developer submits information to Agency regarding incomes and eligibility of applicants for and purchasers of sub-Phase 1A units. (§501)	Within thirty (30) days after close of escrow for the last (12th) sale in sub-Phase 1A.
28.	Developer submits final building plans for sub-Phase 1B of the Project to Agency and City. (§§403-404)	Within thirty (30) days after sale of sixth (6th) Unit in sub-Phase 1A.
29.	Agency exercises reasonable diligence to cause City to complete initial plan check of final building plans for sub-Phase 1B of the Project. (§404)	Within thirty (30) days after receipt of complete submittal.
30.	Developer submits corrections and revisions to final building plans for sub-Phase 1B of the Project, as applicable. (§§403-404)	Within fifteen (15) days after performance of Item No. 29.
31.	Developer obtains approval of final building plans for Phase 1B of the Project, pays all permit fees, deposits bonds (as required), and obtains all other required permits for sub-Phase 1B. (§404)	Within fifteen (15) days after performance of Item No. 30.
32.	Developer obtains building permit(s) and commences construction of sub-Phase 1B of the Project. (§§401-402,407,502)	Within fifteen (15) days after completion of Item No. 31.
33.	Developer completes construction of sub-Phase 1B of the Project and obtains City approval of final inspection. (§§401,407)	Within one hundred fifty (150) days after commencement of construction.

	Item of Performance	Time for Performance
34.	Agency issues partial Certificate of Completion for Phase 1B. (§419)	Upon satisfactory completion of construction of sub-Phase 1B of the Project upon request of Developer.
35.	Developer submits information to Agency regarding incomes and eligibility of applicants for and purchasers of sub-Phase 1B units. (§501)	Within thirty (30) days after close of escrow for the last (9th) sale in sub-Phase 1B.
36.	Developer submits final building plans for sub-Phase 2A of the Project to Agency and City. (§§403-404)	Within thirty (30) days after sale of twelve (12) of the Units in Phase 1.
37.	Agency exercises reasonable diligence to cause City to complete initial plan check of final building plans for sub-Phase 2A of the Project. (§404)	Within thirty (30) days after receipt of complete submittal.
38.	Developer submits corrections and revisions to final building plans for sub-Phase 2A of the Project, as applicable. (§§403-404)	Within fifteen (15) days after performance of Item No. 37.
39.	Developer and Agency open escrow for Phase 2.	Within five (5) days after performance of Item No. 38.
40.	Developer obtains approval of final building plans for sub-Phase 2A of the Project, pays all permit fees, deposits bonds (as required), and obtains all other required permits for sub-Phase 2A. (§404)	Within fifteen (15) days after performance of Item No. 37.
41.	Developer submits evidence of financial capability for Phase 2. (§314)	Within thirty (30) days after the sale of twelve (12) of the Units in Phase 1.
42.	Agency's Executive Director approves (or disapproves) Developer's evidence of financial capability for Phase 2. (§314)	Within fifteen (15) days after receipt of complete submittal.

	Item of Performance	Time for Performance
43.	Phase 2 Escrow Closing Date. (§308.1)	Within five (5) days after performance of Item Nos. 1-42, inclusive.
44.	Developer executes Promissory Notes, Agreement Containing Covenants Affecting Real Property, CC&Rs for Phase 2, and Deeds of Trust for Phase 2, and submits to Escrow Agent. (§§304, 306, 307, 309, and 506)	On or before 12:00 Noon of the last business day prior to the Closing Date for Phase 2.
45.	Developer submits evidence of insurance for Phase 2. (§411)	Prior to the Closing Date for Phase 2.
46.	Close of Escrow and Recordation of Grant Deed, Agreement Containing Covenants Affecting Real Property, CC&Rs, and Deeds of Trust for Phase 2. (§§304, 306, 307, 308.3, and 506)	Within thirty (30) days after Escrow Opening Date for Phase 2; provided, subject to Section 703, in no event shall the Phase 2 Closing Date occur after December 31, 1995, without the mutual written consent of Agency and Developer.
47.	Developer obtains building permit(s) and commences construction of sub-Phase 2A of the Project. (§§401-402,407,502)	Within fifteen (15) days after close of Escrow for Phase 2.
48.	Developer completes construction of sub-Phase 2A of the Project and obtains City approval of final inspection. (§§401,407)	Within one hundred fifty (150) days after commencement of construction.
49.	Agency issues partial Certificate of Completion for sub-Phase 2A. (§419)	Upon satisfactory completion of construction of sub-Phase 2A of the Project upon request of Developer.

	Item of Performance	Time for Performance
50.	Developer submits information to Agency regarding incomes and eligibility of applicants for and purchasers of sub-Phase 2A units. (§501)	Within thirty (30) days after close of escrow for the last (10th) sale in sub-Phase 2A.
51.	Developer submits final building plans for sub-Phase 2B of the Project to Agency and City. (§§403-404)	Within thirty (30) days after the sale of five (5) of the Units in sub-Phase 2A.
52.	Agency exercises reasonable diligence to cause City to complete initial plan check of final building plans for sub-Phase 2B of the Project. (§404)	Within thirty (30) days after receipt of complete submittal.
53.	Developer submits corrections and revisions to final building plans for sub-Phase 2B of the Project, as applicable. (§§403-404)	Within fifteen (15) days after performance of Item No. 52.
54.	Developer obtains approval of final building plans for sub-Phase 2B of the Project, pays all permit fees, deposits bonds (as required), and obtains all other required permits for sub-Phase 2B. (§404)	Within fifteen (15) days after performance of Item No. 53.
55.	Restricted Unit purchasers execute and deliver individual Loan Agreements and related documents. (§501)	Prior to close of escrow for individual Restricted Units being purchased.
56.	Agency issues final Certificate of Completion for Project. (§419)	Upon satisfactory completion of construction of sub-Phase 2B and entire Project, and upon request of Developer.

	Item of Performance	Time for Performance
57.	Developer pays Purchase Price for Site (Developer to pay Purchase Price through forty-one separate Promissory Notes of $20,000 each, subject to the Additional Payment requirement, each such Promissory Note to be paid when a Unit is sold). (§304)	Within five (5) days of close of escrow of each individual Unit; provided, however, that if any portion of the Purchase Price remains unpaid as of December 27, 1996, Developer, on or before December 31, 1996, shall pay Agency in full such remaining portion of the Purchase Price.

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule and the text of the Agreement, the text shall govern.

ATTACHMENT NO. 4

GRANT DEED

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Redevelopment Agency of the
City of Duarte
1606 Huntington Drive
Duarte, California 91010
Attn: Executive Director

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

GRANT DEED

FOR A VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, THE REDEVELOPMENT AGENCY OF THE CITY OF DUARTE, a public body, corporate and politic herein called "Grantor" hereby grants to LAS BRISAS-DUARTE LIMITED, a California limited partnership, herein called "Grantee," the real property, hereinafter referred to as the "Property," generally located on the southeast corner of Mount Olive and Huntington Drive in the City of Duarte, County of Los Angeles, California, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, subject to existing easements, restrictions, and covenants of record.

A. Grantor excepts and reserves from the conveyance herein described all interest of the Grantor in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Property lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said site or other lands, but without, however, any right to use either the surface of the Property or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

B. It is understood and agreed that the property conveyed by this Grant Deed includes all improvements to the Property which are, either generally or for purposes of acquisition by Grantee, a part of the Property. Title to the Property is conveyed subject to all assessments, and to all easements, encumbrances, covenants, conditions, restrictions, reservations, rights-of-way, and other matters of record, of whatever kind or nature.

C. The Property is conveyed in accordance with and subject to a Disposition and Development Agreement entered into by and between Grantor and Grantee dated _____, 19__ (the "DDA"), a copy of which is on file with Grantor as a public record available for public inspection at Grantor's offices located at 1600 Huntington Drive, Duarte, California 91010 and which is incorporated herein by reference.

IN WITNESS WHEREOF, Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers or agents hereunto duly authorized this _____ day of _____, 19__.

"GRANTOR - AGENCY"

REDEVELOPMENT AGENCY THE CITY OF DUARTE, a public body, corporate and politic

By:_____
Its:_____

ATTEST:

By:_____
Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER

By:_____
Jeffrey M. Oderman
Attorneys for the Redevelopment Agency of the City of Duarte

[SIGNATURES CONTINUED ON NEXT PAGE]

"GRANTEE - DEVELOPER"

LAS BRISAS-DUARTE LIMITED, a California limited partnership

By: Arcanum Investments, Inc., a California corporation

By:_____
Its:_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "A" TO ATTACHMENT NO. 4

DESCRIPTION OF PROPERTY

[TO BE INSERTED]

ATTACHMENT NO. 5

PROMISSORY NOTE

_____, 199__

FOR VALUE RECEIVED, the undersigned, LAS BRISAS-DUARTE LIMITED, a California limited partnership ("Borrower"), promises to pay to the REDEVELOPMENT AGENCY OF THE CITY OF DUARTE, a public body, corporate and politic ("Agency"), the principal amount of TWENTY THOUSAND DOLLARS ($20,000), with no interest charged on the unpaid principal (provided principal is timely paid as provided herein), plus such other costs, charges, and fees which may be owing from time to time, all subject to the terms, conditions, and provisions hereinafter set forth.

Reference is made to:

(i) The Disposition and Development Agreement by and between Agency and Borrower, with an Effective Date of _____, 199_ (the "DDA"), which sets forth terms and conditions for Borrower's redevelopment of that certain real property consisting of approximately 2.65 acres located at the southeast corner of Mount Olive and Huntington Drive, in the Huntington Drive--Phase II Redevelopment Project Area, City of Duarte, County of Los Angeles, State of California, as more particularly depicted and described in the site map and legal description attached as Attachment Nos. 1 and 2 to the DDA (the "Site"). The DDA, including all of the Attachments thereto, is incorporated herein by reference as though fully set forth.

(ii) The Grant Deed attached as Attachment No. 4 to the DDA which is to be recorded against the Property as of the date first written above.

(iii) The Redevelopment Plan for the Huntington Drive--Phase II Redevelopment Project Area (the "Plan"), which Plan is incorporated herein as though fully set forth.

1. Property. As more fully explained in the DDA, the Site consists of forty-one (41) separate legal parcels. The loan from Agency to Borrower for which this Note is being made is to assist Borrower in the purchase from Agency of the particular parcel comprising the Site legally described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

2. Principal Amount; Interest Amount. The principal amount of the Agency's loan to Borrower is TWENTY THOUSAND DOLLARS ($20,000) (the "Agency Loan Amount"). No interest shall be due on the unpaid balance of the principal amount.

FOR THE RESTRICTED UNITS (AS DEFINED IN THE DDA), THE FOLLOWING PARAGRAPH 3 APPLIES:

3. Repayment of Agency Loan Amount. Borrower shall pay, without deduction, offset, or demand, at, and as part of, close of escrow for the sale of the Property by Borrower, an amount equal to (A) the entire principal, less (B) the amount of the Loan Agreement (as that term is defined in the DDA) which amount shall be excused as to Borrower upon execution of the Loan Agreement and all related documents by the purchaser of the Property, and such amount shall become the amount of the Agency Loan pursuant to the Loan Agreement. Borrower may make all or any portion of a payment prior to its due date with no pre-payment penalty.

FOR UNRESTRICTED UNITS (AS DEFINED IN THE DDA), THE FOLLOWING PARAGRAPH 3 APPLIES:

3. Repayment of Agency Loan Amount. Borrower shall pay the entire principal, without deduction, offset, or demand, at, and as part of, close of escrow for the sale of the Property by Borrower. Borrower may make all or any portion of a payment prior to its due date with no pre-payment penalty.

4. Default. Borrower shall be deemed in default of this Note in the event:

(i) Borrower fails to timely make a required payment within ten (10) days following the due date of any payment due hereunder; or

(ii) Borrower fails to timely make any other payment due hereunder; or

(iii) Borrower is in material default of any of the terms of this Note, the DDA, or the Agreement Containing Covenants Affecting Real Property attached to the DDA as Attachment No. 10, and Borrower fails to timely cure such default under the terms of the applicable agreement.

In the event Borrower is in default of this Note, the outstanding principal balance of the Agency Loan Amount shall become immediately due and payable. In addition, interest on the unpaid principal at the rate of eight percent (8%) per annum shall commence to accrue from the date of default through the date accrued interest and outstanding principal are paid in full.

5. Additional Terms.

(a) All payments shall be first credited to accrued interest (if applicable in accordance with Paragraph 4), next to costs, charges, and fees which may be owing from time to time, and then to principal. All payments shall be made in lawful money of the United States. Payments shall be made to Agency at the address

set forth in Paragraph 8 herein or at such other address as Agency or the holder of this Note may direct pursuant to notice delivered to Borrower in accordance with Paragraph 8.

(b) If Borrower fails to timely make a required payment within ten (10) days following the due date of such payments, Borrower shall be required to pay to Agency a late payment charge in the sum of five percent (5%) of the delinquent payment.

(c) Borrower agrees to pay the following incurred by Agency, or adjudged by the court, in the collection of amounts in default or other costs incurred as a result of a default by Borrower: (i) reasonable costs of collections, costs and expenses and attorney's fees paid in connection with the collection or enforcement of this Note, whether or not suit is filed, and (ii) costs of suit and such sums as the court may adjudge as attorney's fees in any action to enforce payment of this Note or any part of it.

6. Nonassignability and Nonassumability. This Note shall not be assignable or assumable without the prior express written consent of Agency which may be given or withheld in Agency's sole and absolute discretion.

7. Presentment, Etc. Notwithstanding any other provision herein to the contrary, to the extent permitted by law Borrower hereby waives the following: (a) notice of default or delinquency except defaults or delinquencies of which Agency has actual notice, (b) notice of acceleration, (c) notice of nonpayment, (d) notice of costs, expenses, and losses and interest thereon, (e) notice of interest on interest and late charges, (f) diligence in taking any action to collect any sums owing under the Note or in proceeding against any of the rights and presentment for payment, demand, protest, and notices of dishonor and/or protest; (g) the benefits of all waivable exemptions; and (h) all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

8. Notices. Any notices required by law or this Agreement shall be personally delivered, delivered by a reputable document delivery service that provides a receipt showing date and time of delivery, or delivered by prepaid United States mail, certified, return receipt requested.

Notices to Borrower shall be addressed to:

Las Brisas-Duarte Limited
c/o Michael L. Keele [Southland Land Corporation]
2990 East Colorado Boulevard
Pasadena, California 91107

With a copy to:

Ephraim P. Kranitz
4929 Wilshire Boulevard, Suite 700
Los Angeles, California 90010

Notices to Agency shall be addressed to:

Redevelopment Agency of the City of Duarte
1600 Huntington Drive
Duarte, California 91010
Attn: Executive Director

With a copy to:

Jeffrey M. Oderman
Rutan & Tucker
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626

Notices shall be deemed effective upon receipt; provided, however, that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice to the delivering party shall be effective on the third day after the attempted personal delivery or delivery by document delivery or deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either party may from time to time designate by delivery of notice in accordance with the provisions hereof.

9. Litigation. This Note shall be governed by and construed under the laws of the State of California. The parties agree that in any litigation between the parties arising out of this Note, the Municipal and Superior Courts of the State of California in and for the County of Los Angeles shall have exclusive jurisdiction. The prevailing party in any litigation between the parties arising out of or connected to this Note, in addition to whatever other relief to which the prevailing party is entitled, shall also be entitled to reasonable attorney's fees, including fees and costs for discovery, and any fees and costs for appeal. In the event of such legal action, service of process on Agency shall be made in such manner as provided by law for service on a California public entity; service of process on Borrower shall be made in such manner as may be provided for by law, and shall be valid whether made within or without the State of California.

10. Waiver. No waiver of any breach, default, or failure of condition under the terms of the Note, or the obligations secured thereby, shall be implied from any failure of Agency to take, or any delay by the Agency in taking, action with respect to such breach, default, or failure from any previous waiver or any similar or unrelated breach, default, or failure; and a waiver of any term

"Borrower"

Dated:_____

LAS BRISAS-DUARTE LIMITED, a California limited partnership

By: Arcanum Investments, Inc., a California corporation

By:_____

Its:_____

"Agency"

Dated: _____

REDEVELOPMENT AGENCY OF THE CITY OF DUARTE

By: _____
Chairman

ATTEST:

By: _____
Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER

By: _____
Jeffrey M. Oderman
Attorneys for the Redevelopment Agency of the City of Duarte

of this Note must be made in writing and shall be limited to the express written terms of such waiver.

11. Time of Essence. Time is of the essence in this Note.

12. Severability. In the event that any term or provision of this Note is held to be unenforceable, the remainder of this Note shall remain in full force and effect to the fullest extent without inclusion of the unenforceable term or provision.

13. Interpretation. In the event of any conflict between this Note and the DDA, this Note shall apply. All nonconflicting terms of the DDA are hereby incorporated herein as though fully set forth.

[END OF NOTE - SIGNATURE PAGE FOLLOWS]

ATTACHMENT NO. 6

DEED OF TRUST

[TO BE INSERTED]

ATTACHMENT NO. 7

LOT PHASING

PHASE 1

Twenty-one (21) Lots: Lots Nos. 12 through 32.

Sub-Phase 1A: Construction of first twelve (12) Units on Sub-Phase 1A Lots, with construction commencing upon close of escrow for Phase 1:

Lot #	Plan #
15	1
16	1
17	1
18	1
19	3
20	2
21	2
22	2
23	2
24	2
25	3
26	3

Sub-Phase 1B: Construction of balance of nine (9) Units on Sub-Phase 1B Lots, with construction commencing when six (6) of the twelve (12) Units in Sub-Phase 1A have been sold or are in escrow, unless otherwise agreed to by Agency's Executive Director in his/her sole and absolute discretion:

Lot #	Plan #
12	1
13	1
14	1
27	3
28	3
29	2
30	2
31	3
32	3

PHASE 2: Twenty (20) lots: Lots Nos. 1 through 11 and 33 through 41. Purchase escrow closes when twelve (12) of the Phase 1 Units have sold or are in escrow.

Sub-Phase 2A: Construction of first ten (10) Units on Sub-Phase 2A Lots, with construction commencing upon close of escrow for Phase 2, unless otherwise agreed to by Agency's Executive Director in his/her sole and absolute discretion:

Lot #	Plan #
5	1
6	1
7	1
8	1
9	1
10	1
11	1
33	3
34	3
35	3

Sub-Phase 2B: Construction of balance of ten (10) Units on Sub-Phase 2B Lots, with construction commencing when five (5) of the ten (10) Units in Sub-Phase 2A have been sold or are in escrow, unless otherwise agreed to by Agency's Executive Director in his/her sole and absolute discretion:

Lot #	Plan #
1	1
2	1
3	1
4	1
36	2
37	3
38	3
39	3
40	3
41	2

ATTACHMENT NO. 8

[PARTIAL] CERTIFICATE OF COMPLETION

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Redevelopment Agency
of the City of Duarte
City Hall, 1600 Huntington Drive
Duarte, California 91010
Attn: Executive Director/Secretary

(Space Above for Recorder's Use)

This Certificate of Completion is recorded at the request and for the benefit of the Redevelopment Agency of the City of Duarte and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

REDEVELOPMENT AGENCY
OF THE CITY OF DUARTE

By: _____

Its: _____

Dated: _____, 199_

[PARTIAL] CERTIFICATE OF COMPLETION

WHEREAS, by a Disposition and Development Agreement (hereinafter referred to as the "Agreement") dated _____, 199_, by and between the REDEVELOPMENT AGENCY OF THE CITY OF DUARTE, a public body, corporate and politic ("Agency"), and LAS BRISAS-DUARTE LIMITED, a California limited partnership ("Developer"), Developer has redeveloped the real property legally described in Exhibit "A" hereto (the "Property") according to the terms and conditions of said Agreement; and

WHEREAS, pursuant to Section 419 of the Agreement, promptly after completion of all construction work to be completed by Developer [in Phase ___] on the Property, Agency shall furnish

Developer with a [Partial] Certificate of Completion upon written request therefor by Developer; and

WHEREAS, the issuance by Agency of the [Partial] Certificate of Completion shall be conclusive evidence that Developer has complied with the terms of the Agreement pertaining to [Phase ___ of] the redevelopment of the Property; and

WHEREAS, Developer has requested that Agency furnish Developer with the [Partial] Certificate of Completion; and

WHEREAS, Agency has determined that [Phase ___ of] the redevelopment of the Property has been satisfactorily completed as required by the Agreement;

NOW, THEREFORE:

1. As provided in the Agreement, Agency does hereby certify that [Phase ___ of the] redevelopment of the Property has been fully and satisfactorily performed and completed, and that such redevelopment is in full compliance with said Agreement.

2. This [Partial] Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Property, or any part thereof. Nothing contained herein shall modify in any way any other provision of said Agreement.

3. This [Partial] Certificate of Completion shall not constitute evidence of Developer's compliance with those covenants in the Agreement that survive the issuance of this Certificate, or of the covenants in the Agreement Containing Covenants Affecting Real Property recorded on _____, 199_, as Instrument No. _____ in the Official Records of Los Angeles County.

4. This [Partial] Certificate of Completion is not a Notice of Completion as referred to in California Civil Code Section 3093.

IN WITNESS WHEREOF, Agency has executed this Certificate as of this _____ day of _____, 19__.

REDEVELOPMENT AGENCY
OF THE CITY OF DUARTE

By: _____
Executive Director

On behalf of Las Brisas-Duarte Limited, I hereby consent to the recordation of this [Partial] Certificate of Completion against the Property described herein.

Dated:_____

LAS BRISAS-DUARTE LIMITED, a California limited partnership

By: Arcanum Investments, Inc., a California corporation

By:_____
Its:_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "A" TO ATTACHMENT NO. 8

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE ATTACHED]

ATTACHMENT NO. 10

AGREEMENT CONTAINING COVENANTS
AFFECTING REAL PROPERTY

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Redevelopment Agency of the City of Duarte
1600 Huntington Drive
Duarte, California 91010
Attn: Executive Director

(Space Above Line for Recorder's Use)

This Agreement Containing Covenants Affecting Real Property is recorded at the request and for the benefit of the Redevelopment Agency of the City of Duarte and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

REDEVELOPMENT AGENCY OF THE CITY OF DUARTE

By: _____

Its: _____

Dated: _____, 199_

AGREEMENT CONTAINING COVENANTS
AFFECTING REAL PROPERTY

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("Agreement") is executed this ____ day of _____, 199_, by and between the REDEVELOPMENT AGENCY OF THE CITY OF DUARTE, a public body, corporate and politic (the "Agency"), and LAS BRISAS-DUARTE LIMITED, a California limited partnership ("Developer"), with reference to the following:

A. Developer is the owner of that certain real property (the "Property") located in the City of Duarte, County of Los Angeles, State of California, legally described in the attached Exhibit "A."

B. The Property is within the Huntington Drive--Phase II Redevelopment Project Area (the "Project Area") in the City of Duarte (the "City") and is subject to the provisions of the Redevelopment Plan for the Project Area adopted by the City Council

of the City by Ordinance No. 476 on or about November 27, 1979 as the same may be amended from time to time.

C. Agency and Developer have entered into a Disposition and Development Agreement (the "DDA"), dated as of _____, 199_, concerning the development and operation of improvements on a larger parcel of real property (the "Site") of which the Property is a part (the Site is more fully described and depicted in Attachment Nos. 1 and 2 to the DDA), which DDA is incorporated herein by reference and is a public record available for public inspection at Agency's offices located at 1600 Huntington Drive, Duarte, California 91010. All terms used in this Agreement shall have the meanings designated in the DDA unless otherwise indicated.

D. This Agreement is applicable to Phase ___ of the Project.

NOW, THEREFORE, IN CONSIDERATION OF THE AGENCY'S AGREEMENT TO PERFORM AS MORE PARTICULARLY DESCRIBED IN THE DDA, AND ITS OBLIGATIONS UNDER THE DDA, DEVELOPER, ON BEHALF OF ITSELF AND ITS SUCCESSORS AND ASSIGNS, AND EACH SUCCESSOR IN INTEREST TO THE PROPERTY OR ANY PART THEREOF, HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Developer shall commence and complete construction of the Project on the Site for and within the times, and subject to the terms and conditions set forth in the DDA. Pursuant to the DDA, Developer is to construct the "Project" (as defined in the DDA) on the Site in two (2) separate Phases labelled as Phase 1 and Phase 2 (as defined and described in the DDA), each of which shall have two subphases (i.e., sub-Phases 1A, 1B, 2A, and 2B). The specific lots to be developed in each sub-Phase, and the Unit plans for each lot, are listed in the Lot Phasing attached to the DDA as Attachment No. 7. Developer shall construct a certain number of residential "Units" (as defined in the DDA), with the following number of Units per sub-Phase to be "Restricted" and "Unrestricted" (as defined in the DDA):

Sub-Phase	Restricted Units	Unrestricted Units	Total Units
1A	8	4	12
1B	6	3	9
2A	7	3	10
2B	7	3	10

Notwithstanding the above allocation, (A) Developer shall not be prevented from increasing the number of Restricted Units in a particular sub-phase (i.e., the number of Restricted Units for each sub-Phase is a minimum number); and (B) in the event that Developer is able to sell more Restricted Units in a particular sub-Phase than shown on the above allocation chart, Developer shall receive one "credit" for each such extra Restricted Unit which Developer may apply to reduce the number of Restricted Units required for a subsequent sub-Phase. Notwithstanding anything herein to the contrary, until released as Restricted Units pursuant to Section

506 of the DDA, all Units in a Phase are considered Restricted Units.

2. Developer shall not assign or transfer all or any portion of Developer's interest in the Property or the DDA prior to sale of the forty-one (41) individual Units comprising the Project without obtaining Agency's prior written consent pursuant to Sections 414 and 416 of the DDA. The sale of any individual Unit to a purchaser shall not constitute an assignment or transfer for the purposes of this Paragraph 2.

3. Developer shall indemnify, defend, and hold harmless Agency and City and their officers, employees, and agents from and against all liability, loss, damage, costs, and expenses (including attorney's fees and court costs) arising from or as a result of the death or injury of any person or any accident, injury, loss, or damage whatsoever (whether or not covered by insurance) caused to any person or to the property of any person which shall occur on or adjacent to the Site and which shall be caused by any acts done thereon or any errors or omissions of Developer or any of its agents, servants, employees, and contractors between the Effective Date of the DDA and the date Agency issues its final Certificate of Completion (as defined in the DDA) for the Project.

4. Developer shall obtain and maintain insurance in effect to protect Agency and other described persons and entities, in the manner and for the times required in Section 411 of the DDA.

5. Developer shall devote the Property to uses consistent with this Agreement, the DDA, and the approved Project plans for the periods of time set forth in this Agreement and the DDA.

(a) Sale of Units. Developer covenants to sell the Property only to purchasers who certify that they intend to occupy the Property as their principal residence and for no other purpose and that such purchasers shall not enter into an agreement for the rental or lease of the unit.

(b) Affordable Housing. Developer covenants and agrees for the period from the Effective Date of the DDA and continuing until the earlier of (x) November 27, 2019, (the expiration of the land use controls in the Redevelopment Plan) or (y) the date of the reconveyance under the deed of trust securing the promissory note to be executed pursuant to the "Loan Agreement" all attached as Attachment No. 9 to the DDA and referred to and required by Paragraph 5(b)(v) of this Agreement and Section 501.3(v) of the DDA, as all the same may be amended and modified from time to time, the sale, resale, and occupancy of the units comprising the Project shall be restricted as follows:

(i) Prior to commencement of its sales program for the Project, Developer shall submit to Agency's Executive Director for approval a marketing plan designed to provide maximum public awareness of the availability of the affordable housing units in the Project and the sales priority to be given to low or moderate income households. Such marketing plan shall include at a minimum periodic newspaper advertisements of sufficient size to attract public notice and notification to public agencies and non-profit corporations active in developing or managing affordable housing projects and/or providing assistance to low or moderate income persons and households. Approval of the marketing plan shall not be unreasonably withheld, conditioned, or delayed. Once the marketing plan is approved, Developer shall market the units in accordance therewith.

(ii) Developer shall restrict the sale of the Restricted Units on the Property to purchasers who are low or moderate income persons or households (as determined in accordance with California Health and Safety Code Section 50093). Agency shall cooperate with Developer in providing information to Developer and to qualifying lenders throughout Developer's sales program to enable them to calculate whether a prospective purchaser meets the legal low or moderate income standard.

(iii) In addition to the foregoing, in the event that Developer has received applications or purchase offers for the Property from more eligible and qualified prospective purchasers than can purchase the Property, Developer shall give first priority in the sale to purchasers who, for a minimum period of thirty (30) days prior to submitting such application or offer are either a bona fide resident of the City of Duarte or an employee of a business located in the City of Duarte.

(iv) Prior to commencement of its sales program, Developer shall submit to Agency's Executive Director for approval the form of the documents that Developer proposes to utilize with prospective purchasers of the Property to obtain the necessary information and certifications to enable Developer to qualify eligible purchasers in accordance with subparagraph (ii) and (iii) above. Approval of such documents shall not be unreasonably withheld, conditioned, or delayed. Throughout Developer's sales program, Developer shall utilize the approved documents. No later than thirty (30) days after

the close of escrow for sale of the last "Restricted Unit" (as that term is defined in the DDA) in each sub-Phase of the project, Developer shall submit all of the completed forms to Agency for all of the Restricted Units (including the forms filled out by persons who did not ultimately acquire a Restricted Unit), in order to enable Agency to monitor Developer's compliance with the requirements of subparagraphs (ii) and (iii) and determine the number of Restricted Units sold to persons and households meeting legal low or moderate income standards.

(v) The purchaser of a Restricted Unit on the Property from Developer shall be required to execute (and acknowledge as required) a document substantially in the form of the "Loan Agreement" attached as Attachment No. 9 to the DDA, the promissory note and deed of trust attached thereto, and such other documents as may be reasonably required by Agency and consistent therewith. The principal amount of the "Agency Loan" referred to in Section 1 of each Loan Agreement with an individual purchaser and the Note Amount contained in each promissory note shall be equal to the amount provided by Agency to the Restricted Unit buyer in the form of second mortgage financing, up to a maximum second mortgage financing amount for any one buyer of a Restricted Unit of Fifteen Thousand Dollars ($15,000); provided, however, that in no event shall the total amount of the Agency Loans, for all of the Restricted Units combined, be greater than Three Hundred Fifty Thousand Dollars ($350,000).

The Loan Agreement and promissory note shall be secured by a standard short form deed of trust used by a title company acceptable to Agency, junior and subordinate only to the lien of a first deed of trust meeting the requirements set forth in Section 10 of each Loan Agreement, and with such second trust deed modified by a rider in substantially the form attached to the Loan Agreement as Exhibit "D."

The purpose of the Loan Agreement and the exhibits thereto shall be to secure enforcement of Agency's objective of maintaining the Project as an affordable residential project, recouping over time Agency's financial investment in the Project in order to enable Agency to increase, improve, and preserve the community's supply of affordable housing, and enable purchasers of the Property to sell the Property to persons who do not meet

Agency's income criteria provided that Agency is reimbursed for its investment in such Property.

(v) Notwithstanding subparagraph (iv) above, Developer may sell a Restricted Unit without an Agency Loan provided that the purchaser of such Unit executes all such documents as may be necessary, in a form acceptable to Agency's counsel, to effect all of the requirements pertaining to restrictions on re-sale and affordability and other matters to which a purchaser obtaining second mortgage financing from the Agency would be obligated.

(c) Sale of Restricted Units as Unrestricted Units

(i) Sub-Phase 1A.

Developer shall market the sub-Phase 1A Restricted Units for a period of not less than one hundred fifty (150) days commencing from the date the model homes are open for viewing by the general public. Developer shall notify Agency's Executive Director of the date that the model homes opened to the general public; Developer's notification shall occur no later than two (2) business days following the opening of the model homes.

In the event that Developer, despite Developer's best efforts, has been unable to enter into purchase and sale agreements to sell all the sub-Phase 1A Restricted Units to qualified buyers, any such sub-Phase 1A Restricted Units remaining unsold (i.e., for which a purchase and sale agreement with a qualified buyer has not been executed) may then be marketed by Developer as an Unrestricted Unit; provided, however, that Developer shall continue to use its best efforts to sell such Unit as a Restricted Unit. In the event that Developer sells any such Restricted Unit as an Unrestricted Unit, Developer shall pay Agency, in addition to the Twenty Thousand Dollar ($20,000) purchase price for the lot for that Unit, the amount defined in subparagraph (d) below as Developer's Additional Payment.

(ii) Sub-Phases 1B, 2A, and 2B

Subject to the "credit" provisions for producing extra Restricted Units described in Section 501.3(ii), Developer shall market the sub-Phase 1A, 2A, and 2B Restricted Units for a period of not less than ninety (90) days commencing from the date Developer commences its marketing effort for each

of such sub-Phases. Developer shall notify Agency's Executive Director of the date that Developer commenced marketing efforts for the applicable sub-Phase; Developer's notification shall occur no later than two (2) business days following its commencement of said marketing effort for the applicable sub-Phase.

In the event that Developer, despite Developer's best efforts, has been unable to enter into purchase and sale agreements to sell to qualified buyers, during the ninety (90) day marketing period for each of sub-Phases 1A, 2A, and 2B, all of the Restricted Units allocated to each such sub-Phase (subject to the "credit" provision for sale of extra Restricted Units described in Section 501.3(ii)), Restricted Units remaining unsold in the applicable sub-Phase (i.e., for which a purchase and sale agreement with a qualified buyer has not been executed) may then be marketed by Developer as an Unrestricted Unit; provided, however, that Developer shall continue to use its best efforts to sell such Unit as a Restricted Unit. In the event that Developer sells any such Restricted Unit as an Unrestricted Unit, Developer shall pay Agency, in addition to the Twenty Thousand Dollars ($20,000) purchase price for the lot for that Unit, the amount defined in subparagraph (d) below as Developer's Additional Payment.

(d) Developer's Additional Payment. Developer acknowledges that it is receiving financial assistance in the form of a "land write-down" as a financial incentive to construct affordable housing and that such financial assistance has come from Agency's Low and Moderate Income Housing Fund under Health and Safety Code Section 33334.2 et seq. (the "Housing Fund"). Developer further acknowledges that Housing Fund monies are restricted for development of affordable housing units and that if Developer sells a Restricted Unit as an Unrestricted Unit that Agency is obligated to replace in the Housing Fund the portion of the Housing Fund monies that assisted the development of that anticipated Restricted Unit that was sold as an Unrestricted Unit.

In light of the above legal requirements, Developer agrees that any Restricted Unit sold as an Unrestricted Unit in accordance with the provisions of subparagraph (c) above, and Section 501.4 of the DDA, shall obligate Developer, at the close of escrow for such Unit to pay Agency an additional Four Thousand Dollars ($4,000) ("Additional Payment").

THE PARTIES HERETO AGREE THAT THE AMOUNT SET FORTH ABOVE AS THE "ADDITIONAL PAYMENT" CONSTITUTES A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A SALE BY DEVELOPER OF A RESTRICTED UNIT AS AN UNRESTRICTED UNIT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE ADDITIONAL PAYMENT AMOUNT TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE AMOUNT REQUIRED TO REIMBURSE THE AGENCY'S LOW AND MODERATE INCOME HOUSING FUND AND THE DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN, AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

DEVELOPER'S INITIALS: _____ AGENCY'S INITIALS: _____

Payment by Developer to Agency of the Additional Payment shall be made as part of the escrow when such Unit is sold to a purchaser and shall be paid to Agency by the escrow agent. Developer shall notify the escrow agent handling such escrow of the provisions of this subparagraph (d) and escrow agent shall be responsible for complying with the provisions hereof.

Upon receipt of the Additional Payment(s), Agency shall hold said amount(s) until the final (i.e., the 41st) Unit in the Project is sold to a buyer or is otherwise disposed of by Developer. At that time, Agency, in consultation with Developer, shall determine how many Units out of the forty-one (41) units in the Project Developer sold as Restricted Units. Agency shall retain the amount of Four Thousand Dollars ($4000) for each Unit under the required number of twenty-eight (28) Restricted Units Developer was required to produce, and shall return to Developer all Additional Payment amounts over such retained amount.

[EXAMPLE #1: Over the course of the Project Developer paid Agency $16,000 in Additional Payments. At the time the last Unit was sold, Agency determines that Developer sold 26 Units out of the 41 Units in the Project as Restricted Units. Agency retains $8000 and returns $8000 to Developer.]

[EXAMPLE #2: Over the course of the Project Developer paid Agency $16,000 in Additional Payments. At the time the last Unit was sold, Agency determines that Developer sold 28 Units out of the 41 Units in the Project as Restricted Units. Agency returns $16,000 to Developer.]

6. The covenants contained in this Paragraph 6 and Section 502 of the DDA shall remain in effect from the Effective Date of the DDA until November 27, 2019, (the expiration of the land use controls in the Redevelopment Plan).

Developer shall maintain all improvements on the Property in first class condition and repair (and, as to landscaping, in a healthy condition) and in accordance with the Redevelopment Plan, the approved plans referenced in Sections 401 through 405 of the DDA (including without limitation any landscape and signage plans), as the same may be amended from time to time, and all other applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. In addition, Developer and such successors and assigns shall keep the Property free from all graffiti and any accumulation of debris or waste material. Developer and such successors and assigns shall make all repairs and replacements necessary to keep the improvements in first class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable approved materials.

In the event that Developer or its successors or assigns breaches any of the covenants contained in this Paragraph 6 or Section 502 of the DDA, and such default continues for a period of five (5) days after written notice from Agency (with respect to landscaping, graffiti, debris, waste material, and general maintenance) or thirty (30) days after written notice from Agency (with respect to building improvements), then Agency, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property or applicable portion thereof and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, Agency and/or City shall be permitted (but are not required) to enter upon the Property or applicable portion thereof and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property or applicable portion thereof, and to attach a lien on the Property or applicable portion thereof, or to assess the Property or applicable portion thereof, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by Agency and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by Developer (or its successors or assigns) to Agency upon demand.

Developer's obligations pursuant to the foregoing paragraphs of this Paragraph 6 with respect to each of the forty-one (41) lots/Units shall terminate, with respect to each such lot/Unit, as of the date of the close of escrow conveying that lot/Unit to the purchaser.

Additionally, as provided in Section 306 of the DDA, the City shall have an easement over the exterior landscaped areas of the Property whereby the City shall maintain such areas as part of a Landscape and Lighting District. Developer covenants for itself and its successors and assigns, including the purchasers of individual units in the Project, not to interfere with the City's maintenance of such easement areas.

7. Developer shall perform all other obligations set forth or referred to in the DDA.

8. Developer agrees for itself and any successor in interest not to discriminate upon the basis of race, color, creed, national origin, ancestry, sex, marital status, or religion in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Developer covenants by and for itself, its successors, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, national origin, ancestry, sex, marital status, religion in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Developer further covenants by and for itself, its successors,and assigns, and all persons claiming under or through them, that it shall comply with all the applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.). The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

9. Developer agrees for itself and any successor in interest that any deed, lease, or contract made relative to the Property, the improvements thereon, or any part thereof, shall contain or be subject to substantially the following non-discrimination and non-segregation clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of status, race, color, creed, religion, sex, marital status, age, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee itself or any

person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The grantee herein further covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that he shall comply with all the applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.). The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of status, race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the leasing, subleasing, renting, transferring, use, occupancy, tenure, or enjoyment of the land herein leased, nor shall lessee itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased. Additionally, this lease shall be carried out in compliance with all the applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.)."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of status, race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land. Additionally, this contract shall be carried out in compliance with all applicable requirements of the Americans with Disabilities Act of 1990, as the same may be amended from time to time (42 U.S.C. § 12101 et seq.)."

The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

10. Agency shall have the additional right at its option to reenter and take possession of the Property or portion thereof with

all improvements thereon and to terminate and revest in the Agency the estate conveyed to Developer if, after conveyance of title and prior to the date that Agency is obligated to issue its Certification of Completion for the Project pursuant to Section 419 of the DDA, and subject to extensions of time pursuant to Section 703 of the DDA, Developer (or its successors in interest) shall commit any of the following material defaults under the DDA and fail to cure such default(s) within the applicable cure period:

(i) Fail to commence construction [the date of commencement of construction shall be deemed to be the date construction of off-site improvements were required to commence] of the improvements on the Property or portion thereof required by the DDA for a period of ninety (90) days after Agency conveyance of the Property (provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled); or

(ii) Abandon or substantially suspend construction of the improvements on the Property or portion thereof for a period of sixty (60) days after written notice of such abandonment or suspension from Agency (provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled); or

(iii) Transfer, or suffer any involuntary transfer of, the Property or any part thereof, in violation of the DDA.

Agency's rights to reenter, repossess, terminate, and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage, deed of trust, or other financing interests permitted by the DDA;

(ii) Any rights or interests provided in the DDA for the protection of the holders of such mortgages, deeds of trust or other financing interests.

Upon the revesting in Agency of title to the Property or portion thereof as provided herein, Agency shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property or portion thereof as soon and in such manner as Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by Agency), who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to Agency in its sole and absolute discretion and in accordance with the uses specified for the Property in the Redevelopment Plan.

Upon such resale of the Property or portion thereof the proceeds thereof shall be applied:

(i) First, to reimburse Agency on its own behalf or on behalf of the City of Duarte for all costs and expenses incurred by Agency (including but not limited to salaries to personnel engaged in such action, but excluding Agency's general overhead expenses) in connection with the recapture, management, and resale of the Property or portion thereof (but less any income derived by Agency from the Property or portion thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or portion thereof (or, in the event the Property or portion thereof is exempt from taxation or assessments, or charges, such taxes, assessments, and charges as would have been payable if the Property or portion thereof were not so exempt) to the time of resale of the Property or portion thereof, this provision concerning taxes, assessments, and water and sewer charges applicable to Developer during the period of time Developer holds title and with respect to any subsequent owner during the time such subsequent owner holds title; any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property or portion thereof; any amounts otherwise owing to Agency by Developer and its successors or transferees; and

(ii) Second, to reimburse Developer or its successors or transferees up to the amount equal to the sum of (1) the Purchase Price for the Property (or pro rata portion thereof) paid by Developer pursuant to Section 304 of the DDA; and (2) all of the verified actual direct and indirect costs incurred by Developer for development of the Property or portion thereof at the time of Agency's reentry and repossession (but in an amount not to exceed the fair market value of the improvements on the Property or portion thereof at such time, determined by an appraisal to be conducted by Agency at Developer's expense); less (3) any profits withdrawn or made by the Developer from the Property or portion thereof or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by Agency as its property.

The rights established herein are to be interpreted in light of the fact that Agency will convey the Property to Developer for development and not for speculation in undeveloped land.

The foregoing covenants shall run with the land and remain in effect until Agency issues its final Certificate of Completion for the Project pursuant to Section 419 of the DDA.

11. All conditions, covenants, and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Agency, its successors and assigns, and the City of Duarte and its successors and assigns, against Developer, its successors and assigns, to or of the Property conveyed herein or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

12. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Agency shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Agency and such covenants shall run in favor of Agency for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. Agency shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

13. Both Agency and its successors and assigns, and Developer and the successors and assigns of Developer in and to all or any part of the fee title to the Property, shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or restrictions contained in this Agreement Containing Covenants Affecting Real Property without the consent of any tenant, lessee, easement holder, licensee, mortgages, trustee, beneficiary under a deed of trust, or any other person or entity having any interest less than a fee in the Property. The covenants contained in this Agreement Containing Covenants Affecting Real Property, without regard to technical classification, shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty. Any amendments to the Redevelopment Plan which change the uses or development permitted on the Property, or otherwise change any of

the restrictions or controls that apply to the Property, shall require the written consent of Developer or the successors and assigns of Developer in and to all or any part of the fee title to the Property, but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust, or any other person or entity having any interest less than a fee in the Property.

[END -- SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Agency and Developer have caused this instrument to be executed on their behalf by their respective officers or agents herein duly authorized this _____ day of _____, 199_.

"AGENCY"

REDEVELOPMENT AGENCY THE CITY OF DUARTE, a public body, corporate and politic

By:_____
Its:_____

ATTEST:

By:_____
Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER

By:_____
Jeffrey M. Oderman
Attorneys for the Redevelopment Agency of the City of Duarte

"DEVELOPER"

LAS BRISAS-DUARTE LIMITED, a California limited partnership

By: Arcanum Investments, Inc., a California corporation

By:_____
Its:_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____,
personally appeared _____

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____,
personally appeared _____

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

Witness my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT "A" TO ATTACHMENT NO. 10

DESCRIPTION OF PROPERTY

[TO BE INSERTED]

SCOPE OF DEVELOPMENT

The Las Brisas-Duarte Limited Project combines thoughtful planning and design with a commitment to homeowner satisfaction. Las Brisas-Duarte Limited knows that an outstanding community begins with careful neighborhood planning. Attention to the details of traffic and pedestrian circulation, landscaping, and architectural composition are essential to the development of a highly livable neighborhood.

The Las Brisas-Duarte Limited Project will have access to and from Huntington Drive through a decorative stamped concrete driveway located at the east end of the Project. The median in Huntington Drive will be modified to allow access to and from the Project. The Project will have twenty-one (21) guest parking spaces, extensive landscaping and open space. The combination of various setbacks and exterior shapes and elevations creates maximum aesthetic appeal throughout the Site and along Huntington Drive.

The design of the Units features Mediterranean architecture with concrete tile roofs, attached 2-car garages with direct interior access, designer selected exterior and interior color coordination, elegant entries, and additional quality features as outlined below:

COMMUNITY BENEFITS

- Private neighborhood environment
- Perimeter decorative masonry walls and extensive landscaping
- Professionally landscaped front yards and common areas
- Stamped decorative concrete paving at entrance, street intersections, and cul-de-sacs
- Concrete driveways
- Commuter access to San Gabriel Valley freeway system

DISTINCTIVE FEATURES

- Durable fire-resistant concrete tile roofs
- Solid wood entry doors with bronze entry hardware
- Designer selected exterior light fixtures
- Dual glazed windows for enhanced energy efficiency
- Side yard masonry walls
- Sectional garage door with automatic transmitter
- Direct access from garages to homes

DISTINCTIVE INTERIORS

- 9 foot ceilings in living room, dining room, and master suite
- 2-story volume ceiling in entry with high windows for light (most plans)
- Ceramic tile floors in entry
- Central air conditioning and gas forced air heating

Las Brisas Homes

Covenants,

Conditions

and

Restrictions

95-386242

95-386242

RECORDING REQUEST BY

WHEN RECORDED MAIL TO

NAME

MAILING ADDRESS

CITY, STATE ZIP CODE

Stewart Title
505 N. Brand Blvd.
12th Floor
Glendale, CA 91203

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

MAR 15 1995 AT 8 A.M.

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

TITLE(S)

FEE $ 88.00 C 28

Declaration OF Covenants, Conditions + Restrictions

R428 R/64

Stewart 95 386242

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Las Brisas-Duarte Limited
c/o Ephraim P. Kkanitz
4929 Wilshire Blvd., Suite 700
Los Angeles, CA 90010

8604-012-900-901-902-903-906

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

LAS BRISAS

This Declaration is made this 7th day of March, 1995, by LAS BRISAS-DUARTE LIMITED, a California Limited Partnership (hereinafter called "Declarant").

Declarant is the owner of certain real property in the County of Los Angeles, State of California, which is more particularly described as follows:

Lots 12 through 32, inclusive in Tract 51911 as per Map recorded in Book 1210, Pages 61 through 68, inclusive, of Maps in the Office of the County Recorder of the County of Los Angeles, State of California.

In order to establish a general plan for the improvement and development of the Property (as hereafter defined), Declarant desires to subject the Property to certain conditions, covenants and restrictions, upon and subject to which all of the Property shall be held, improved and conveyed.

NOW, THEREFORE, Declarant hereby declares that all of the real property described above and all improvements thereon and such additions as may hereafter be made subject to this Declaration pursuant to the provisions of Article XII hereof is and shall be held, transferred, sold, conveyed, hypothecated, mortgaged, encumbered, leased, rented, used, occupied, maintained, altered and improved subject to the following protective limitations, restrictions, covenants, conditions, reservations, liens and charges and equitable servitudes, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of said real property, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said real property, and every part thereof. All of said limitations, covenants, conditions, restrictions, reservations, liens and charges and equitable servitudes shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described real property, or any part thereof, whether as sole owners, joint owners, lessees, tenants, occupants, or otherwise, and they shall inure to the benefit of every portion of said property and shall be for the

2/2/95

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benefit of each owner of any portion of said real property, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of Declarant and each owner, and all of which are imposed upon the real property described above and every portion thereof, is a servitude in favor of each and every portion thereof as the dominant tenement, and may be enforced by Declarant, by any owner, by any successor in interest to Declarant, or any owner, or by the Board of Directors hereinafter described.

ARTICLE I

Definitions

Section 1. Declarant. LAS BRISAS-DUARTE LIMITED, a California Limited Partnership and its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from Declarant for the purpose of development and to whom such rights are assigned by recorded instrument.

Section 2. Declaration. This Declaration as the same may be amended, changed, or modified from time to time by written instrument recorded in the office of the Los Angeles County Recorder, California.

Section 3. Single Family Dwelling or Dwelling. The building located on a Lot designed and intended for use and occupancy as a residence for no more than a single family.

Section 4. Lot. Each individual Lot or plot of land as designated by number on any recorded subdivision map of the Property exclusively owned by an Owner, including all improvements thereon.

Section 5. Mortgage - Mortgagee - Mortgagor and Institutional Holder. An Institutional Holder is a mortgagee which is a bank or a savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Reference in this Declaration to a Mortgage shall be deemed to include a deed of trust; reference to a Mortgagee shall be deemed to include the beneficiary of a deed of trust whether or not an Institutional Holder; reference to a Mortgagor shall be deemed to include a trustor of a deed of trust.

95 386242

Section 6. Owner or Lot Owner. The record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, including contract vendees holding equitable title and possession under contract of sale, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. Project or Property. The real property described above, including all structures and improvements thereon, together with such real property and improvements thereon as may be made subject to this Declaration as provided in Article XII hereof.

Section 8. Redevelopment Agency or Agency. The Redevelopment Agency of the City of Duarte, California.

ARTICLE II

Rights of Declarant

Nothing contained herein shall in any manner restrict or prohibit Declarant from the right to establish easements, restrictions, reservations and rights of way on the Property for itself, utility companies, the Agency or others as may from time to time be resonably necessary for the development of the Property and to use the Property for the construction and sale of Lots improved with Single Family Dwellings and in connection therewith to operate and maintain upon the Project a model complex, together with parking areas and/or real estate sales and development businesses and to place, erect and maintain thereon such customary sales and advertising signs, offices and parking areas as is usual and reasonable for such real estate sales and development operations.

Declarant, on behalf of itself, its agents, employees, contractors, subcontractors and other authorized personnel, reserves the right, during the hours of 7:00 A.M. to 6:00 P.M. Monday through Friday and 8:00 A.M. to 6:00 P.M. on Saturday and Sunday, to enter in and upon the Project and to perform work and all related activities, and other acts required therein in order to: (1) complete construction of the Single Family Dwellings and improvements upon all of the Project, (2) to store and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with such construction, (3) perform work required by governmental agencies having jurisdiction over the Project, (4) market and sell the Lots, and (5) to provide post-sale customer service to purchasers of Lots. It is expressly provided that neither the Association nor any Lot

Section 2. Signs. No sign of any kind shall be displayed on a Lot without the prior written consent of the Architectural Committee, except that one sign of reasonable dimensions and design advertising a Lot for sale, lease, or exchange, may be placed on the Owner's Lot, which sign is in compliance with all governmental regulations. Such sign may also contain directions to the Owner's Lot, the Owner's or his agent's name and the Owner's or his agent's address and telephone number. The foregoing restriction shall not apply to signs or other displays used by Declarant, or its agents, in connection with the original sale or resale of Lots in the Project so long as Declarant shall own a Lot in the Project.

Section 3. External Items. No antennae (television, radio, satellite dish or of any sort) or other external items shall be located on or outside of any Lot or the Dwelling or on any other strucure in any Lot, except with the express written consent of the Architectural Committee, except that a satellite dish may be maintained on a Lot or Dwelling so long as the same does not exceed two (2) feet in diameter.

Section 4. Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in or upon any Lot or Dwelling except that an Owner shall be allowed to maintain a reasonable number of household family pets, so long as a pet does not annoy, molest or inconvenience any other Owner and provided they are not kept or bred for a commercial purpose. Dogs must be "curbed" and kept on leash while in the Project, except within a Dwelling or a fenced yard or patio. Each Owner of a pet shall have the responsibility of removing the pet's waste matter. No dog whose barking disturbs other Owners shall be permitted to remain in the Project. Any inconvenience, damage, or injury caused by such household pet or pets shall be the sole responsibility of the respective Owner thereof.

Section 5. Offensive Activities. No noxious or offensive activity shall be carried on in any Lot or Dwelling, nor shall anything be done therein which may be or become an annoyance or nuisance or which interferes with the quiet enjoyment of the other Owners. No junk, trash, machinery, building materials or other offensive materials shall be stored on any Lot, except in connection with construction by Declarant.

Section 6. Exterior Clothes Drying Facilities. Outside clothes lines or other outside clothes drying or airing facilities shall not be maintained.

Section 7. Rubbish, Refuse Containers and Disposal. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors shall be permitted to arise therefrom so as to render any Lot or portion

thereof unsanitary, unsightly, offensive, or detrimental to any Lot or to the occupants thereof. Rubbish, garbage, trash, and all other refuse shall be stored in sanitary, non-metalic containers. Such containers shall be maintained behind a walled enclosure and shall be concealed so as not to be visible from the street except that containers may be visible for collection but only for the shortest time necessary to effect such collection.

Section 8. Exterior Lighting. No exterior lighting shall be placed upon any Lot so as to cause unreasonable glare or illumination upon any other Lot or to be a nuisance to any Owner.

Section 9. Mineral Exploration. No drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot or within 500 feet below the surface of any Lot.

Section 10. Development of Air Space. No development shall be made of the air space above the exterior of any Dwelling on any Lot except upon the written consent of the Architectural Committee.

Section 11. Parking.

A. Except for temporary parking during any one day, no trailer, camper, mobile home, recreational vehicle, commercial vehicle, truck (other than a standard size pick-up truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any Lot or other area within the Project unless placed or maintained within an Owner's enclosed garage. Temporary parking by commercial vehicles within designated off-street parking spaces is permitted for the purpose of making deliveries or performing work for an Owner.

B. No repairs shall be made to any automobile or other vehicle while parked in any area in the Project, except in the case of strict emergency.

C. An Owner may not park in guest parking spaces.

D. Any vehicle or similar equipment parked in violation of the above restrictions shall be subject to be towed and stored whether the same shall belong to an Owner or a member of his family or to any relative, guest or invitee of any Owner. Charges for such towing and storing established from time to time by the Board of Directors shall be paid by the Owner whose family members, relatives, guests or invitees violate such restrictions.

E. The Architectural Committee shall have the authority to establish additional rules and regulations regarding parking.

F. Garage doors must be kept closed at all times except when entering or exiting or except as may be temporarily necessary.

Section 12. No Temporary Structures. No structure of a temporary character, trailer, tent, shack, barn, or other out-building shall be used or maintained on any Lot at any time as a residence, or otherwise, either temporarily or permanently without the consent of the Architectural Committee.

Section 13. Repair of Improvements After Casualty. Should the improvements on any Lot be damaged or destroyed by fire or other casualty, the Owner or Owners thereof shall cause the same to be repaired and restored substantially in accordance with the original plans and specifications and color scheme therefor, subject to approval of the Architectural Committee.

Section 14. Window Coverings. Windows can only be covered by drapes, shades, curtains, or shutters and cannot be painted or covered by foil, cardboard, sheets or towels, or other similar materials. All window coverings visible from the exterior of a Dwelling must be "white" or "off white" in color only.

Section 15. Height Limitation Upon Walls, Trees, Hedges, Shrubs, and Landscaping. No trees, hedges, shrubs, or landscaping shall be grown to a height or at a location which, in the written opinion of the Architectural Committee, may unreasonably obstruct the view from any Lot or of any resident or occupant of any Lot. No wall, fence, hedge or other structure shall be higher than six (6) feet except along the property line of Lots: (a) on the East side of the Project; (b) on the South side of the Project along the alley; and (c) along the West side of the Project facing the freeway offramp.

Section 16. Sidewalk Encroachments. Any tree, shrub, or planting of any kind which overhangs or otherwise encroachs upon any sidewalk or other pedestrian way shall be at a height not less than ten (10) feet from ground level unless the Architectural Committee approves otherwise.

Section 17. Access to Slopes and Drainage Facilities. Each Owner agrees for himself, his heirs, assigns, or successors in interest that he will permit free access by Owners of adjacent or adjoining Lots when such access is essential for the

maintenance of permanent stabilization of slopes, or maintenance of the drainage facilities, for the protection and use of property other than the Lot on which the slope or drainageway is located.

Section 18. Exterior Alterations. No Owner shall, at his expense or otherwise, make any improvements, alterations or modifications to the exterior of the Dwelling, fences, railings, walls, landscaping or other improvements constructed on his Lot, or change the grade or drainage pattern of his Lot or of the easement area granted to such Owner, or change the color of the exterior of his Dwelling or any wall, fence or other structure thereon, without the prior written consent of the Architectural Committee. Change of the grade or drainage pattern may result in the seepage of water into an adjoining Owner's residence and the Owner changing the grade or drainage shall be responsible for all damages caused thereby.

Section 19. Lots Facing Huntington Drive. Nothing shall be permitted to be maintained in or on any Lot which faces Huntington Drive which is visible from Huntington Drive, except for customary patio furniture, barbeques and customary children's playground equipment.

Section 20. Gas or Liquid Storage. No tank for the storage of gas or liquid shall be installed on a Lot unless such installation is done by Declarant or has been approved by the Architectural Committee, which approval may be withheld in its sole discretion.

Section 21. Compliance with Laws. Nothing shall be done or kept in any Lot which might increase the rate of, or cause the cancellation of, any insurance coverage on any of the Lots. No Owner shall permit anything to be done or kept on his Lot which is immoral or in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body.

ARTICLE V

Architectural Control

Section 1. Appointment of Architectural Committee. Declarant shall initially appoint the original Architectural Committee, which shall consist of not less than three (3) nor more than five (5) members. Declarant reserves to itself the power to appoint all of the members of the Committee until title to all the Lots in the Project have been sold by Declarant to a third party or until three (3) years from the date of the

recording of this Declaration in the official records of the Los Angeles County Recorder. Thereafter the Redevelopment Agency shall have the right, but not the obligation, to appoint all of the members of the Committee. Members appointed to the Committee by the Agency shall consist of at least one (1) Owner of a Lot.

Section 2. Consent of Architectural Committee Required. No Owner shall, at his expense or otherwise, make, or permit, any structural changes, repairs, or alterations to his Lot, or the Dwelling, or any facilities or structures on the Lot, nor shall he make, or permit, any alterations, additions, improvements, repairs, or modifications or changes in paint or finish or color of the Dwelling, or any facilities or structures on the Lot, or to his Lot, or install awnings or sunshades, or make any change, alteration, improvement or repair visible from the exterior of his Lot (the "Improvement"), until complete plans and specifications shall have been submitted to, and approved by, the Architectural Committee. Such approval may be withheld if in the view of the Committee, the Improvement would affect the uniformity, harmony and the attractiveness or the value of the Project as a whole. In addition to any other remedies at law or in equity, the Committee shall have the right to enjoin a breach, or threatened breach, of any of the provisions of this Article, which shall be in addition to any other rights and remedies available to any Lot Owner.

Section 3. Plans and Specifications. Plans and specifications showing the nature, kind, shape, color, size, materials and location of the Improvement, shall be submitted to the Architectural Committee under the signature of the Owner of the subject Lot, for approval. Approval may be withheld if in the view of the Architectural Committee the Improvement would affect the safety, aesthetic aspects, placement of buildings, landscaping, color schemes, exterior finishes and materials, topography and finished grade elevation and similar features and uniformity and the attractiveness or the value of the Project as a whole. No request for approval shall be required to be reviewed by the Committee until all requisite plans have been received by the Committee.

Section 4. Approval or Disapproval by Architectural Committee. The Committee or the Association shall approve or disapprove a proposed improvement by sending a written notice thereof to the Owner who so requested said proposed improvement. The Committee shall make its determination as to approval or disapproval of the proposed improvements within thirty (30) days of the submission of said proposed improvement to the Committee. Failure on the part of the Committee to record such disapproval or to render a decision within the thirty (30) day period

ARTICLE VII

Easements and Utilities

Section 1. Encroachment Easement. Each Lot and its Owner within the Project is hereby granted an easement over all adjoining Lots for the purpose of accommodating any encroachment on an adjoining Lot of any Improvement caused by engineering or surveying errors in the original construction, or settlement or shifting of the Improvement, or any other cause. There shall be easements for the maintenance of said encroaching Improvements so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event an Improvement on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments (not to exceed eighteen (18) inches) over adjoining Lots shall be permitted for such replacement and that there shall be easements for maintenance of said Improvement so long as they shall exist.

Section 2. Utilities.

A. The rights and duties of the Owners with respect to lines for sanitary sewer, water, gas, electricity and telephone and television cables, shall be governed by the following:

(1) Wherever sanitary sewer connections and lines or electricity, gas, telephone, or television cables are installed within the Project, which connections or any portion thereof, lie in or upon portions of the Project owned by others than the Owner of a Lot served by said connections, the Owners of any Lots served by said connection, shall have the right and easements are hereby established and granted, to the full extent necessary therefor, to enter upon the Lots or to have the utility companies enter thereupon to repair, replace and generally maintain said connection as and when the same may be necessary as set forth below.

(2) Wherever sanitary sewer connections and lines, facilities and/or water connections and lines of electricity, gas, telephone lines, or television cables are installed within the Project, which connections serve more than one Lot, the Owners of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as services their Lot.

mentioned above, shall be deemed to be a waiver of any and all jurisdiction of said Committee as to said plans and specifications and of said location and/or construction. In the event of any disapproval by the Committee of either a preliminary or final submission of plans, a resubmission of revised plans will follow the same procedure as the original submission.

Section 5. Diligent Prosecution of Work. The approval of any improvement, erection, construction, refinishing, installation, placement, or alteration of a building, dwelling, or other structure, shall be deemed conditional upon the commencement of the work covered by such approval within ninety (90) days after the approval of the Committee for the same shall have been obtained, or within such other time period as shall have been specified by the Committee at the time of its approval. Work thereon must thereafter be prosecuted diligently to completion within a reasonable time and in any event before the expiration of such time period as may be specified by the Committee. The Committee may for good cause, as determined by it, in writing, extend the period for completion of any such Improvement, erection, construction, refinishing, installation placement or alteration. During said construction period, the area shall be kept clear of debris and refuse to the greatest extent possible. In the event the work is not commenced within said ninety (90) days, the approval of the Committee shall lapse and become void and of no further force or effect unless the Committee, in its discretion, shall prior thereto give written notice of waiver of the time condition. Said written notice of waiver may contain such terms and conditions as the Committee may deem proper, and shall not be deemed a waiver of any rights or authority of the Committee except as expressly stated in said written notice. Upon such lapse and voiding of any approval, all proceedings shall terminate, and approval shall be conditional on the filing of a new request for approval and all new plans and specifications for the same and the architectural review fee as provided herein as if no previous approval had been sought.

Section 6. Unauthorized Improvements. If any Improvement is made without first obtaining approval of the Committee, the Committee shall give written notice to the Owner of violation of this Declaration within one hundred eighty (180) days after actual completion. If the Committee fails to give such notice, the Improvement shall be deemed to be in compliance with this Declaration. Within thirty (30) days of said notice, the Owner shall either (a) remove said Improvement at his own expense and restore the Lot to its condition prior to commencement of said Improvement, or (b) submit plans and all other items required by the Committee as a condition to its approval of the same. If the Owner has failed to take such

action within said thirty (30) day period, the Committee, at its sole option, may enter the Lot after three (3) days's written notice to such Owner and perform or cause to be performed, such work or other acts as may be required to remove the non-complying Improvement or remedy the non-compliance, and the Owner of said Lot shall forthwith pay all costs and expenses incurred in connection therewith upon presentation to Owner of invoices therefor. The Committee shall also have the right to obtain injunctive relief to prevent a breach, or threatened breach, of the provisions hereof in addition to any other rights and remedies the Committee shall have in law or in equity.

Section 7. Access to Premises. Each member of the Committee, Declarant, the Redevelopment Agency and any agent or employee of said Committee, Redevelopment Agency or Declarant, after written notice shall have been given to the Owner, have the right, at all reasonable hours to access an Owner's Lot for the purpose of inspection of the same relative to compliance with the conditions of an approval granted by the Committee, or compliance with this Declaration, or for repairing or remedying any non-compliance as provided in this Declaration, and shall not be deemed guilty of trespass by reason of such entry.

Section 8. Non-Liability. Neither Declarant, the Committee, the Redevelopment Agency nor any member, agent, or employee of Declarant or the Committee, shall be liable to any Owner for any loss, damage, or prejudice suffered or claimed on account of (a) any defects in any building or other structure erected, constructed, installed, placed, altered, or maintained in accordance with or pursuant to any plans and specifications, exterior materials, color scheme, plot plan, grading plan, or other material approved by the Committee or any conditions or requirements that the Committee may have imposed with respect thereto, or (b) approval or disapproval of any item submitted to the Committee by an Owner. Approval by the Committee shall not be deemed a representation or warranty that the Owner's plans and/or specifications or the actual construction of a Dwelling or any other Improvement comply with applicable governmental ordinances or regulations, including but not limited to zoning ordinances and building codes or that the same is architecturally or structurally sound.

Section 9. Declarant's Exemption. The Improvements constructed by Declarant shall not be subject to the requirements of this Article V until the original sale of all Lots in the Project has occurred.

Section 10. Fees. Members of the Architectural Committee shall act without compensation. In the event the

Committee determines, in its reasonable discretion, that it shall be required to engage a professional consultant to assist it in responding to any request for approval, the Committee shall first obtain an estimate of the fees to be paid to such consultant and shall notify the Owner of such fees. The Owner shall be required, as a condition to proceeding further, to agree for the benefit of such consultant and the Committee, to pay such fees. If the Owner shall not agree to pay such fees, the matter submitted before the Committee shall be deemed to be disapproved unless some alternative method of providing the necessary assistance to the Committee (which is in a form satisfactory to the Committee) shall be provided.

Section 11. Architectural Guidelines. The Architectural Committee shall have the right from time to time, to adopt architectural guidelines relating to any landscaping, Improvement, alteration, or construction on any Lot or Improvement thereon in order to provide for the uniformity and the attractiveness of the Project as a whole. Said guidelines may be enforced in accordance with the provisions of this Declaration.

Section 12. Modifications for Handicapped. Notwithstanding anything in this Declaration to the contrary, the Architectural Committee shall not unreasonably and without good cause deny any Owner's request to modify such Owner's Lot or Improvements thereon, at such Owner's expense, for the purpose of facilitating access for persons who are blind, visually handicapped, deaf, or physically disabled or to alter conditions which could be hazardous to such persons, including without limitation, modifications of the route from the public way to the door of any Improvements on such Owner's Lot subject to the following: (i) any such modifications shall be consistent with applicable building code requirements; (ii) any such modifications shall be consistent with the provisions of this Declaration pertaining to safety or aesthetics; (iii) any such modifications on such Owner's Lot shall not prevent reasonable passage by other residents of the Project; (iv) any such modifications shall be removed by the Owner of such Lot or Improvements thereon, at such Owner's expense, when the Lot or Improvements thereon are no longer occupied by persons requiring such modifications who are blind, visually handicapped, deaf or physically disabled; and (v) any Owner intending to modify a Lot or Improvements thereon pursuant to this Section shall submit such Owner's plans and specifications to the Architectural Committee and the Association in the manner described in this Article for review to determine whether the proposed modifications comply with the provisions of this Section and with

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ARTICLE VII

Easements and Utilities

Section 1. Encroachment Easement. Each Lot and its Owner within the Project is hereby granted an easement over all adjoining Lots for the purpose of accommodating any encroachment on an adjoining Lot of any Improvement caused by engineering or surveying errors in the original construction, or settlement or shifting of the Improvement, or any other cause. There shall be easements for the maintenance of said encroaching Improvements so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event an Improvement on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments (not to exceed eighteen (18) inches) over adjoining Lots shall be permitted for such replacement and that there shall be easements for maintenance of said Improvement so long as they shall exist.

Section 2. Utilities.

A. The rights and duties of the Owners with respect to lines for sanitary sewer, water, gas, electricity and telephone and television cables, shall be governed by the following:

(1) Wherever sanitary sewer connections and lines or electricity, gas, telephone, or television cables are installed within the Project, which connections or any portion thereof, lie in or upon portions of the Project owned by others than the Owner of a Lot served by said connections, the Owners of any Lots served by said connection, shall have the right and easements are hereby established and granted, to the full extent necessary therefor, to enter upon the Lots or to have the utility companies enter thereupon to repair, replace and generally maintain said connection as and when the same may be necessary as set forth below.

(2) Wherever sanitary sewer connections and lines, facilities and/or water connections and lines of electricity, gas, telephone lines, or television cables are installed within the Project, which connections serve more than one Lot, the Owners of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as services their Lot.

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(3) In the event any portion of said connection or line is damaged or destroyed through the negligent act or acts of failure to act, or willful misconduct of one Owner or any of his employees, agents, invitees, tenants or guests, so as to deprive other Owners of the full use and enjoyment of said connection or line, then such connection or line shall be repaired or restored at the expense of the Owner who commits or whose guests, agents, or employees commit, such act or acts.

(4) In the event any portion of a connection or line is damaged or destroyed by some other cause than the negligence or willful misconduct of one of the Owners, his employees, agents, guests, tenants or invitees (including ordinary wear and tear and deterioration from lapse of time) then in such event, such connection or line shall be repaired and restored at the joint expense of all Owners served by such connection or line.

B. Non-exclusive easements over the Project for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities and television cable service and for drainage facilities are established, granted and reserved by Declarant as shown on the recorded map of the Project.

Section 3. General Easements for Drainage. There is hereby established, granted and reserved over each Lot in the Project, easements for drainage according to the patterns for drainage created by the grading plans for the Project as well as according to the actual, natural and existing patterns for drainage. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns of waters from adjacent Lots in the Project over his Lot, or in the alternative, that in the event it is necessary and essential to alter said drainage pattern for the protection and use of his Lot, he will make adequate provisions for proper drainage, and submit alternative plans and specifications therefor to the Architectural Committee for review and approval.

ARTICLE VIII

Amendments

Section 1. Prior to First Sale. Before the close of the first sale of fee title in the Project to a purchaser other than Declarant, as evidenced by a grant deed recorded in the official records of the Los Angeles County Recorder, this Declaration and any amendments to it may be amended in any respect, or revoked by the execution by Declarant of an

instrument amending or revoking this Declaration subject to written approval of the Redevelopment Agency. The amending or revoking instrument shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the County Recorder where the Project is located.

Section 2. After Close of First Sale. After the close of the first sale of fee title of a Lot in the Project to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect by the vote of a majority of the Owners of Lots, subject to the prior written consent of the Redevelopment Agency; provided, however, that so long as Declarant remains the Owner of a Lot, such amendment shall also require the written consent of Declarant.

Section 3. Amendment to Meet Requirements of Mortgagees and Governmental Agencies. It is the intent of Declarant that this Declaration, and the Project in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure or subsidize any mortgage of a Lot in the Project by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Veteran's Administration. In furtherance of that intent, Declarant expressly reserves the right and shall be entitled with the consent of the Agency and so long as Declarant owns more than twenty-five percent (25%) of the Lots in the Project to amend this Declaration in order to incorporate any provisions that are, in the opinion of any of the cited entities or governmental agencies, required to conform to the Declaration, or the Project to the requirements of any of the entities or governmental agencies, including, without limitation, the requirement that types of insurance coverage be obtained and maintained. Any such amendment shall only be effective if it is approved by the Redevelopment Agency and recorded in the official records of the Los Angeles County Recorder on or prior to the date Declarant ceases to own twenty-five percent (25%) of the Lots and Declarant certifies that it is the owner of twenty-five percent (25%) or more of Lots in the Project and mails a copy of the same to all Owners by first class mail.

Section 4. Affecting Rights of Declarant. Until the initial sales of all Lots in the Project to individual Owners have closed, this Declaration may not be amended to modify or eliminate any of the easements or other rights reserved to Declarant pursuant to Article II, or as otherwise provided in this Declaration without the prior written approval of Declarant and any attempt to do so shall have no effect. Likewise, any

attempt to modify or eliminate this provision shall require the prior written approval of Declarant.

Section 5. Presumption of Validity. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE IX

Enforcement

The Declarant, the Architectural Commitee, the Agency, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges nor or hereafter imposed by the provisions of this Declaration or any amendment thereto. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part are hereby declared to be and constitute a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by the Declarant, the Architectural Committee, the Agency, or any Owner. Each Owner, by acceptnce of a deed to his Lot, agrees that recovery of damages at law for any breach, or threatened breach of any of the provisions of this Declaration would not be an adequate remedy and, therefore, an action may be maintained to enjoin such breach and/or for specific performance to secure the enforcement thereof. The remedies herein provided for breach of the covenants contained in this Declaration shall be cumulative, and none of such remedies shall be deemed exclusive. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter, nor shall any such failure to enforce the same or any other violation of such covenants or restrictions impair or invalidate the lien of any first mortgage or first deed of trust. Each remedy provided for herein shall be cumulative and not exclusive.

ARTICLE X

Lien Rights

Section 1. Creation of Lien. There is hereby created a lien in favor of the Redevelopment Agency , Declarant and the Architectural Committee against and on each Owner's Lot to secure payment of the amount of any expenses or costs which the Redevelopment Agency, the Declarant or the Architectural Committee incurs in enforcing any of the terms of this Declaration; provided, however, the lien shall not be deemed

effective for any purpose unless and until a notice of claim of lien is recorded with the Los Angeles County Recorder. The notice of claim of lien shall state the amount, the name of the Owner against whom the lien is assessed, the legal description of the Owner's Lot and, in order for the lien to be enforced by nonjudicial foreclosure as provided in Section 2, the name and address of the trustee authorized to enforce the lien by sale.

Section 2. Enforcement of Lien. If an Owner fails to pay the costs and expenses which are incurred in enforcing a breach of the terms of this Declaration against such Owner, the Redevelopment Agency, the Declarant or the Architectural Committee, as the case may be, shall mail a notice of claim of lien to such Owner and shall record a copy thereof in the office of the Los Angeles County Recorder. If, after thirty (30) days after recording the lien, the sums due remain unpaid, such lien may be enforced by sale, such sale to be conducted in accordance with the provisions of Section 2924 et seq of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust or in any other manner permitted by law. The Redevelopment Agency, the Declarant or the Architectural Committee, as the case may be, shall have the power to bid in at the foreclosure sale and acquire title to the Lot and therafter shall have the right to hold, lease, mortgage and convey the same. Reasonable attorneys fees, title fees and expenses in connection with such foreclosure and/or the collection of the debt secured by such lien shall be paid by the Owner against whom such foreclosure or other action is taken in connection with such lien. Unless sooner satisfied and released or the enforcement thereof initiated, as herein provided, such lien shall expire and be of no further force and effect one (1) year from the date of recordation of the lien, provided said one (1) year period may be extended by the Redevelopment Agency, the Declarant or the Architectural Committee, as the case may be, for not to exceed one (1) additional year, by recording a written extension thereof. Such lien and right to foreclosure shall be in addition to, and not in substitution of, all other rights and remedies which the Redevelopment Agency, the Declarant or the Architectural Committee, as the case may be, may have hereunder, including appropriate legal or equitable action.

Section 3. Priority of Lien and Subordination. Any lien provided for herein shall at all times be subject and subordinate to and shall not affect or defeat nor render invalid the lien of any mortgage or deed of trust made in good faith and for value that is of record as an encumbrance against such Lot prior to the recordation of the lien in favor of the Redevelopment Agency, the Declarant, or the Architectural Committee, as the case may be.

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ARTICLE XI

Term of Declaration

The covenants and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by Declarant, the Architectural Commitee, the Agency, or any Owner, their respective heirs, representatives, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the Owners has been recorded within six (6) months prior to the termination of the thirty (30) year initial term or within six (6) months prior to the termination of any successive ten (10) year period, agreeing to terminate said covenants, conditions and restrictions in whole or in part.

ARTICLE XII

Annexation of Additional Properties

Section 1. Right of Annexation. All or any part of the real property described in Exhibit "A" attached hereto may be annexed from time to time to the Project and added to the scheme of this Declaration by Declarant, provided and on condition that a Supplementary Declaration shall be recorded by Declarant in the office of the Los Angeles Recorder covering the applicable portion of the real property described in Exhibit "A", which is annexed to this Declaration. The Supplementary Declaration shall be executed by Declarant and the Redevelopment Agency and shall be in the form attached hereto, marked Exhibit "B" and by this reference made a part hereof.

Section 2. Effect of Annexation. Upon annexation of any additional property to this Declaration, the real property contained in the Supplementary Declaration shall be subject to the provisions of this Declaration.

Section 3. Subsequent Phases. Declarant shall be under no obligation whatsoever to improve or annex all or any part of the real property referred to in Exhibit "A" hereto. The decision whether to annex all or any part of the real property described in Exhibit "A" hereto shall be in the sole and absolute discretion of the Declarant.

Section 4. Rights of Declarant. Declarant hereby reserves to itself, its successors and assigns, the right to non-exclusive easements for ingress and egress, construction and

sales activities over all portions of the real property which may be annexed to the Project.

ARTICLE XIII

Protection of Mortgagees

A. No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any mortgage in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

B. Any Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment in lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

C. Any mortgage given to secure a loan to facilitate the resale of a Lot after acquisition by foreclosure or by a deed in lieu of foreclosure or by assignment in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Article.

ARTICLE XIV

General Provisions

Section 1. Purchasers. Each purchaser, by accepting a deed or a valid contract of sale to any Lot accepts the same, subject to all of the covenants, conditions and restrictions herein contained and agrees to be bound by each and all thereof.

Section 2. Captions and Gender. The titles or headings of the Articles or Paragraphs of this Declaration are not a part hereof and shall have no effect upon the construction or interpretation of any part hereof. The singular shall include the plural and the plural the singular unless the context requires the contrary and the masculine, feminine and neuter shall include the masculine, feminine or neuter as the context requires.

Section 3. Binding on Heirs. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns, grantees and lessees of the Declarant and each Owner.

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Section 4. Interpretation and Severability. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Project. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

Section 5. Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, the same shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given by such person to the Board for the purpose of service, or to such person's Dwelling Unit, if no address has been given to the Board. An address may for any reason be changed from time to time by notice in writing to the Board.

Section 6. Attorneys Fees. In the event legal action becomes necessary in order to enforce any of the terms or provisions hereof, or to obtain any of the remedies provided for herein, the prevailing party shall be entitled to recover reasonable attorneys fees and costs.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first set forth above..

LAS BRISAS-DUARTE LIMITED,
a California Limited
Partnership, by its General
Partner:

ARCANUM INVESTMENTS, INC.

By _____
E. P. Kranitz, President

REDEVELOPMENT AGENCY OF THE
CITY OF DUARTE

By _____

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STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On March 9, 1995 before me, appeared E. P. KRANITZ, ~~personally known to me~~ (or 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 capacities, 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.

WITNESS my hand and official seal.

FRANCES D. BUTLER
COMM. # 1026452
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires MAY 11, 1998

Frances D Butler
Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On 3/6/95 before me, appeared JESSE H. DUFF, personally known to me (~~or 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 capacities, 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.

WITNESS my hand and official seal.

OFFICIAL SEAL
MARILYN F. DWYER
Notary Public-California
LOS ANGELES COUNTY
My Commission Expires
August 2, 1995

Marilyn F. Dwyer
Notary Public in and for said
County and State

95 386242

EXHIBIT "A"

Property to be Annexed

Lots 1 through 11, inclusive and 33 through 41, inclusive, in Tract 51911 as per Map recorded in Book 1210, Pages 61 through 68, inclusive of Maps in the office of the County Recorder of the County of Los Angeles, State of California.

95 386242

EXHIBIT "B"

When Recorded Return To:

E. P. Kranitz
Professional Corporation
4929 Wilshire Blvd. #700
Los Angeles, Calif. 90010

FIRST SUPPLEMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

OF

LAS BRISAS

The First Supplement to Declaration of Covenants, Conditions and Restrictions of Las Brisas ("Supplement") is made this ____ day of _____, 1995, by LAS BRISAS - DUARTE LIMITED, a California Limited Partnership ("Declarant").

Recitals:

A. Declarant is the owner of certain real property (the "Annexed Real Property") located in the County of Los Angeles, State of California, described as:

> Lots 1 through 11, inclusive, and 33 through 41, inclusive, of Tract 51911 as per Map recorded in Book 1219, Pages 61 through 68, inclusive, of Maps in the Office of the Los Angeles County Recorder.

B. Declarant has improved, or intends to improve, the Annexed Real Property with residential structures and other facilities.

C. On _____, 1995, Declarant recorded a Declaration of Covenants, Conditions and Restrictions of Las Brisas as Instrument No. _____ in the Official Records of the Los Angeles County Recorder (the "Declaration"). Article XII of the Declaration provides that the Annexed Real Property may be annexed to the Declaration at the written election of the Declarant by the recording of a supplement to the Declaration.

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D. Declarant intends by this Supplement to comply with the requirements of Article XII of the Declaration and to annex the Annexed Real Property to the Project and to make the Annexed Real Property subject to the Declaration.

DECLARATION

Declarant supplements the Declaration and declares that:

1. Declarant hereby annexes the Annexed Real Property to the Project. All of the Annexed Real Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions, easements, servitudes and liens described in the Declaration and any amendments to the Declarstion.

2. From and afrer the date of recordation of this Supplement, the Annexed Real Property shall be subject to the provisions of the Declaration.

IN WITNESS WHEREOF, Declarant has executed this Supplement the day and year first set forth above.

LAS BRISAS-DUARTE LIMITED,
a California Limited
Partnership, by its General
Partner:

ARCANUM INVESTMENTS, INC.

By_____
E. P. Kranitz, President

REDEVELOPMENT AGENCY OF THE
CITY OF DUARTE

By_____

95 386242

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STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On _____ before me, appeared E. P. KRANITZ, personally known to me (or 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 capacities, 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.

WITNESS my hand and official seal.

_____
Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On _____ before me, appeared _____, personally known to me (or 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 capacities, 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.

WITNESS my hand and official seal.

_____
Notary Public in and for said
County and State

95 386242

LAS BRISAS DRIVE ELEVATION

Las Brisas

DEVELOPER: SOUTHLAND COMPANIES
2990 E. COLORADO BLVD C105, PASADENA, CA. 91107 (818)568-8000
CITY OF DUARTE AFFORDABLE HOUSING

PAUL ESSICK ARCHITECTS
2223 SOUTH BARRY AVENUE • LOS ANGELES, CALIFORNIA 90064 •

TRACT MAP
PHASE 2 | PHASE 1

HUNTINGTON DRIVE

RAMP

ASPHALT PAVING

DECORATIVE CONCRETE PAVING

6'HIGH STUCCO WALL

6' HIGH WOOD FENCE

MASONRY DECORATIVE 6' TO 8' HIGH

RESIDENTIAL CONSTRUCTION PHASE IV

ALLEY

PHASE III

PHASE II

PHASE I

SITE SUMMARY

ZONE

DENSITY

GROSS AREA	
NET AREA	
ALLOWABLE DENSITY	
ALLOWABLE NO. OF UNITS	
PROPOSED NO. OF UNITS	

PARKING

REQUIRED		CARS
PROVIDED		CARS
		CARS

OPEN SPACE

NET AREA
OPEN AREA
BLDG. COVERAGE
OPEN AREA/NET AREA
BLDG. COVERAGE/NET AREA
PRIVATE OPEN AREA

BUILDING DESCRIPTION

-STORY SINGLE FAMILY DWELLINGS W/ ATTACHED
-CAR GARAGE

DWELLING UNITS

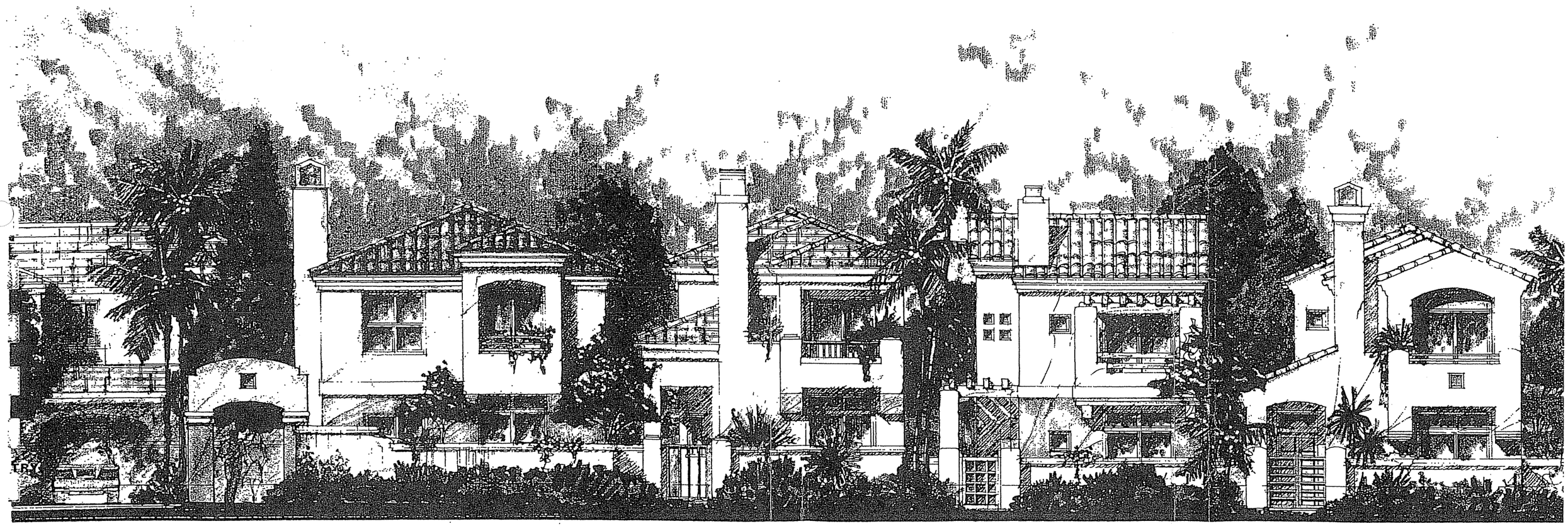
PLAN NO.	SQ.FT.	BDRM.	BATH	PHASE I	PHASE II	PHASE III	PHASE IV	TOTAL

Las Brisas

0 10 20 40 60

DEVELOPER: SOUTHLAND COMPANI
2990 E. COLORADO BLVD C105, PASADENA, CA. 91107 (818)568-
CITY OF DUARTE AFFORDABLE HOUSI

PAUL ESSICK ARCHITEC
2223 SOUTH BARRY AVENUE • LOS ANGELES CALIFORNIA 90064 • (310)



DRIVE ELEVATION

Las Brisas

DEVELOPER: SOUTHLAND COMPANIES
2990 E. COLORADO BLVD C105, PASADENA, CA. 91107 (818)568-8000
CITY OF DUARTE AFFORDABLE HOUSING

PAUL ESSICK ARCHITECTS
2223 SOUTH BARRY AVENUE • LOS ANGELES, CALIFORNIA 90064 • (310) 477-0515