

July 23, 2012

CAP VI – Lesarra, LLC
275 Battery Street Suite 500
San Francisco, CA 94111

Ren Scammon
Administrative Services Officer
Housing, Community and Economic Development Programs
El Dorado County
3057 Briw Road Suite A
Placerville, CA 95667

RE: Lesarra Attached Homes Affordable Unit Release

Dear Ms. Scammon,

This letter is in response to your letter dated May 10, 2012 and is notification to you that CAP VI – Lesarra (“CAP VI”), the Developer, has completed the sixty (60) day marketing and advertising program for the remaining thirteen (13) affordable units (units 221, 223, 225, 237, 912, 918, 921, 922, 923, 925, 928, 1022 & 1023) in accordance with Section 12(a) of Amendment II of the Affordable Housing Agreement for Lesarra (“Amendment II”).

Marketing for the thirteen (13) affordable units began on May 22, 2012, and was conducted according to the marketing plan approved by the County. As outlined in the plan, three ads ran in both the El Dorado Hills Telegraph and the Folsom Telegraph to increase the exposure of the units to the broader market. On site signage and a web presence were also incorporated in the marketing effort. Additionally, letters and flyers were mailed to eight private or public housing agencies in the region for distribution.

Over the past 60 days of the marketing period we received only three contacts from interested parties. Of the three, only one was willing to tour the community after learning the details of the deed restriction. This person liked the community, but was not willing to purchase a unit with a deed restriction given non-deed restricted options in the market.

In accordance with Section 12(a) of Amendment II, CAP VI hereby offers the County the opportunity to purchase one or more of the thirteen (13) affordable units at the Affordable Sale Price as agreed upon with County and as detailed in the following table:

Lesarra Attached Homes	HH Size	Affordable Sales Price
1b / 1b	2	\$263,000.00
1b / 1b w/ loft	2	\$263,000.00
2b / 2b	3	\$300,000.00
2b / 2b w/ loft	3	\$300,000.00

While the County has up to 90 days from today to complete the purchase, in the event the County is not interested in purchasing one or more affordable units, CAP VI respectfully requests that the County immediately waive the purchase option for each of the thirteen (13) affordable units, rather than waiting the entire 90 days.

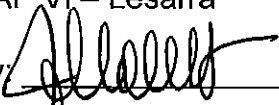
Per Section 12(b) of Amendment II and per previous correspondence, in the event the County does not purchase one or more affordable units, the resale obligations and deed restrictions for those units are terminated. However, a one-time Recapture Upon Sale will apply the first time a unit is sold at the current market price and the Developer (CAP VI) shall pay the County Housing Trust Fund all Proceeds from the sale of the unit less the Affordable Purchase Price, if any.

In the event the County is not interested in purchasing the thirteen (13) affordable units, CAP VI respectfully requests that the County immediately provide notice to CAP VI that the resale obligations and Deed Restrictions for each of the thirteen (13) units are terminated.

Please sign below to acknowledge the completion of the affordable marketing and advertising requirements, the owner's offer of sale to the County, and the terms of the Recapture Upon Sale.

Sincerely,

CAP VI – Lesarra

By:  _____

Its: COO of The Reliant Group

Acknowledged

Housing, Community and Economic Development Programs
El Dorado County

By: _____

Its: _____