

Ionic Enterprises, Inc.

3007 Douglas Blvd., Ste. 170
Roseville, CA 95661
916.783.0330 ph
916.783.3739 fax

January 9, 2012

Shawna Purvines
Planning Services
County of El Dorado
2850 Fair Lane Court, Bldg. C
Placerville, California 95667

Re: TIM Fee Offset Application
Cameron Park Senior Apartments

Dear Ms. Purvines,

This cover letter for the TIM Fee Offset Application is for the Casa Bella Apartments, an 80 unit affordable, senior apartment project. We are requesting a 100% TIM Fee Offset based on our income restrictions. It is anticipated that this first phase will begin construction in May, 2012.

Under your program the County offers a 100% waiver for very low income units and a 75% waiver of fees for low income units, provided that these affordability levels are maintained for 20 years. Very low income is 50% or less of the median income and low income is 80% of the median income. We will exceed this requirement.

The Casa Bella Senior apartments will be restricted to persons 55 years and older and the first 80 apartment units will be income restricted as follows:

1. 40 apartment units will be at or below 50% of the median income;
2. 20 apartment units will be at or below 55% of the median income;
3. 10 apartment units will be at or below 56% of the median income; and
4. 10 apartment units will be at or below 60% of the median income.

Under this rent restriction structure at least ½ of the apartment units will be at the Very Low Income level and only about 10% will be at 60% of the median income. This is well below the Low Income designation of the County - 80%. Furthermore, our restrictions on age and rent will be in place for a term of no less than 55 years, rather than the County 20 year requirement.

One of the reasons for these rent restrictions that exceed those of the TIM Fee Offset Program is that we will receive tax credit financing for the project. As a result of this form of financing, the apartment complex and its income and rent restrictions are monitored by the State. We are required to report income qualification and are audited annually. Again, this monitoring will occur for 50 years.

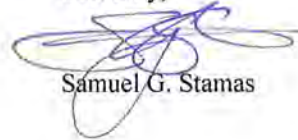
Our market study indicates that there is a demand for this type of housing in El Dorado County. Also, our experience with our other senior communities is that approximately one-half of senior tenants do not own vehicles. Therefore, the traffic impact of this apartment community should be relatively light. Further, we will be rehabilitating the site by removing the existing 8 unit apartment complex that is without income or age restrictions and providing relocation for current residents. Our construction will also include

proposed improvements of CSD land located adjacent to the project site. (APN 102-110-081) This land fronts Starbuck Road and is currently unimproved with weeds and trees. We propose seeding to replace the weeds with grass and installing park benches and tables. This land will still be owned by the CSD but will have greater curb appeal and use for the communities surrounding it.

For all of these reasons we are requesting a waiver for the full 80 units. We hope to begin this first phase in May of this year. We estimate that the first phase will be completed by May of 2013 and then we will begin to lease up phase 1 of the project. This is estimated to take one year.

Thank you for your consideration of our request. Please don't hesitate to contact our office with any questions you may have.

Sincerely,



Samuel G. Stamas

County of El Dorado
Traffic Impact Mitigation (TIM) Fee
Offset Program for Developments
With Affordable Housing

SECTION 1 – APPLICATION SUMMARY

Project Name: Casa Bella Senior Apartments

Project Location: Starbuck Road at Green Valley Road

TIM Fee Zone: 2

Project Address: 2761 Camarc Drive, Rescue, California

Parcel Number: 102-421-01; 102-110-14; and 102-110-24

Developer Name: Ionic Enterprises

Developer Address: 3007 Douglas Blvd., 170, Roseville, California 95661

Contact Name: Sam Stamas

Phone: (916) 783 - 0030 Fax: (916) 783 – 3739

Email Address: sstamas@surewest.net

Anticipated date of project completion: May 2013

TOTAL PROJECT COST \$9,630,343 Cost per Unit: \$120,379

TOTAL NUMBER OF UNITS 80 Total Affordable Units 80

TIM FEE OFFSET REQUEST \$ 2,174,400 Per Unit Offset \$ 27,180

TARGET INCOME GROUP(S): Low and Very Low Income Seniors

AFFORDABILITY LEVEL: 55 years _____ 15 years _____ 10 years

2011 State HCD Income Limits for El Dorado County						
Income Category	Number of Persons in Household					
HCD MFI 2011 for El Dorado County	1	2	3	4	5	6
Extremely Low (<30% MFI)	\$15,800	\$18,050	\$20,300	\$22,550	\$24,400	\$26,200
Very Low Income (<50% MFI)	\$26,300	\$30,050	\$33,800	\$37,550	\$40,600	\$43,600
Low Income (<80% MFI)	\$42,100	\$48,100	\$54,100	\$60,100	\$64,950	\$69,750
Median Income (100% MFI)	\$52,550	\$60,100	\$67,600	\$75,100	\$81,100	\$87,100
Moderate Income (80%-120% MFI)	\$63,050	\$72,100	\$81,100	\$90,100	\$97,300	\$104,500

Note: HUD Income Limits change annually. Visit <http://www.huduser.org/datasets/il.html> or <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html> for current limits.

PROJECT TYPE

- Ownership Housing

Ownership Units *
 Target Income Group: _____
 Affordability Level in Years: _____

- Rental Housing

Rental Units **
 Target Income Group: _____
 Affordability Level in years: 50 yr. min. Percent of TIM Offset: 100% & 75%

Table 1 TIM Fee Offset			
*Applies to Ownership Units			
Affordability Level	Very Low	Low	Moderate
20 years	100%	75%	25%
15 years	75%	50%	0%
10 years	50%	25%	0%
**Applies to Rental Units			
Affordability Level	Very Low	Low	Moderate
20 years (minimum)	100%	75%	25%

- Second Dwelling Units

New Construction of Second Units in a New Subdivision
 (Minimum 20 year affordability for 100% offset.)
 New Construction of Second Unit on Owner Occupied Property
 Level of Affordability in Years: _____ Percent of TIM Offset: _____
 Target Income Group: _____

Table 2 Second Units			
Existing Homeowner building a 2 nd Unit		New Construction	
Length of Affordability	% of TIM Offset	Length of Affordability	% of TIM Offset
20 years	100%	Not less than 20 years	100%
15 years	75%		
10 years	50%		

DEVELOPER INFORMATION CHECKLIST

Please mark one and include all listed information when you submit the application:

Not-For-Profit Organization

- evidence of 501(c)(3) or 501(c)(4) status
- articles of incorporation and by-laws
- certified financial statement (or recent certified audit)

Private For-Profit Organizations

- certified financial statement
- nature of ownership entity:
 - partnership - evidence of current ownership percentages of partners
 - sole proprietorship
 - corporation
 - if a corporation, Articles of Incorporation and by-laws; if a partnership, Partnership Agreement and, if applicable, Certificate of Limited Partnership

Private Homeowner (Owner Occupied)

- evidence of current ownership
- provide as much information as possible in Section 3, Project/Program Narrative, including potential tenant information, if available.

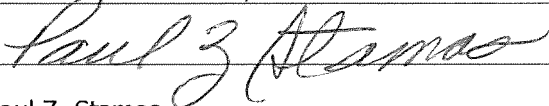
SECTION 2 – CERTIFICATION

The undersigned hereby certifies that the information contained herein is true to the best of the undersigned's knowledge and belief. Falsification of information supplied in this application may disqualify the Project from a TIM Fee Offset. The information given by the applicant may be subject to verification by the El Dorado County Human Services Department. Submission of this application shall be deemed an authorization to the County to undertake such investigations, as it deems necessary to determine the accuracy of this application and the appropriateness of providing a County TIM Fee Offset to the project. If any information changes after submission of this application the undersigned agrees to notify the County immediately. In addition, any change in scope of proposal and/or costs must be reported to the County immediately.

The undersigned also agrees that any commitment by the County to provide TIM Fee Offsets that may be forthcoming from this application is conditioned by the El Dorado County Advisory Committee's TIM Fee Offset criteria, and the applicant's continued compliance with those guidelines.

The undersigned also hereby certifies that the governing body of the applicant has formally authorized the undersigned to execute the documents necessary to make this application.

Legal Name of Applicant: Cameron Park Seniors, LP

Signature: 

Name: *(please type)* Paul Z. Stamas

Title: President of General Partner

Date: January 10, 2012

Phone: (916) 783-0330

Fax: (916) 783-3739

Email Address: pzstamas@surewest.net

Mailing Address: 3007 Douglas Blvd., Suite 170
Roseville, California 95661

SECTION 3 – PROJECT/PROGRAM NARRATIVE

1. Completed Pre-Application Review: The applicant will need to complete Planning Services' Pre-Application process in order to be eligible for funding. (Waived for homeowner building individual second dwelling unit on primary residential property)
2. Project Summary: Provide a short summary of the project. Include the project name, developer, project location, number of units, number of accessible and visitable units, total project costs, and amount of TIM Fee Offset requested.
3. Project Description: Describe the type of project and scope of activity being proposed, indicating:
 - Type of housing project (new construction, rental, homeownership, or second unit)
 - Unit size and number of units in each bedroom size
 - Population to be served by this development, including an estimate of the number of housing units to be sold or rented to each of the following income groups:
 - Household income below 50% of the area median
 - Household income 50%-80% of the area median
 - Household income 80%-120% of the area median
 - Applicants must provide estimates based on these income categories.
 - If the project proposed will serve a population with special housing needs, for example senior/disabled, describe the services to be offered to the residents and the funding sources for these services.
 - Street address and zip code of each property in the project.
 - Current ownership of each property.
 - Current zoning, use and occupancy status on the site.
 - Site control, including documentation of options to lease or buy.
 - Description of completed properties (house type, square footage, number of bedrooms and bathrooms, parking, lot size, etc.) Please provide renderings, site plans and floors plans if available.
4. Location Map of parcel(s): Provide maps of the site plan and location of the project.
5. Financing Plan (Request for TIM Fee Offset): Include a budget which identifies anticipated development and other costs for the project including potential funding sources.
6. Timetable: Identify key benchmarks for project development, including financing, predevelopment activities, construction start, construction end, and leasing or sales. Describe the timeline for using the TIM Fee offsets should they be granted and how the timeline may or may not match up to the issuance of building permits for a project already approved but not built.
7. Developer Team Description: Provide the business name, the primary contact person, street address, telephone number, fax number, and email address for each Developer team member consisting of at least the Developer, Architect, Property Manager and Social Service Provider, if applicable. Please also include the name and number for the Developer's project manager. (see Section 4)

SECTION 4 – PROJECT PARTNERS

PROJECT PARTNERS

If the program will involve other entities (financial institutions, social service providers, etc.), please list them and provide a brief description of their roles in the program. Use additional sheets if necessary.

Name: Ionic Enterprises, Inc.
Role: Developer, Limited Partner

Contact Person: Paul Stamas
Address: 3007 Douglas Blvd., Suite 170, Roseville, CA 95661
E-Mail Address: pzstamas@surewest.net
Phone: (916) 783 - 0330 **FAX:** (916) 783 - 3739

Name: Greek Orthodox Housing Corporation
Role: Managing Non-Profit General Partner
Contact Person: Makis Stathopoulos
Address: 4100 Douglas Blvd, #306-511, Granite Bay, CA 95746
E-Mail Address: _____
Phone: (877) 783 - 4642 **FAX:** (877) 783 - 3739

Name: Umpqua Bank
Role: Construction & Permanent Lender
Contact Person: Jen Birkholz
Address: 500 Auburn Folsom Road, #200, Auburn, California 95603
E-Mail Address: jenbirkholz@umpquabank.com
Phone: (530) 886 - 2701 **FAX:** (530) 887 - 8280

SECTION 5 – PROJECT DEVELOPMENT TEAM

Complete the following information for each proposed development. If this project is a co-venture please list the co-partner and/or the owner organization: *Indicate by asterisk any identity of interest among the development team members.

- 1a. Co-Partner** _____
Contact: _____
Address: _____
E-Mail Address: _____
Phone: (____) ____ - _____ FAX: (____) ____ - _____
- 1b. Owner:** Cameron Park Seniors, LP
Contact: Sam Stamas
Address: 3007 Douglas Blvd., Suite 170, Roseville, California 95661
E-Mail Address: [sstamas@surewest.net](mailto:ssstamas@surewest.net)
Phone: (916) 783 - 0330 FAX: (916) 783 - 3739
- 2. Attorney:** Law Office of Patrick R. Sabelhaus
Contact: Patrick R. Sabelhaus
Address: 1006 Fourth Street, 6th Floor, Sacramento, California 95814
E-Mail Address: pat@sabelhauslaw.com
Phone: (916) 444 - 0286 FAX: (916) 444 - 3408
- 3. Contractor:** Stamas Corporation
Contact: Paul Stamas
Address: 3007 Douglas Blvd., Suite 170, Roseville, CA 95661
E-Mail Address: pzstamas@surewest.net
Phone: (916) 783 - 0330 FAX: (916) 783 - 3739
- 4. Architect:** Borges Architectural Group
Contact: Karenda J. MacDonald
Address: 1478 Stone Point Drive, Suite 350, Roseville, California
E-Mail Address: Karenda@BorgesArch.com
Phone: (916) 783 - 7200 FAX: (916) 783 - 3037
- 5. Management Agent:** FPI Management, Inc.
Contact: Sandi Arstingstall
Address: 800 Iron Point Road, Folsom, California 95630
E-Mail Address: sandiarstingstall@fpimgt.com
Phone: (916) 357 - 5312 x 238 FAX: (916) 357 - 5310
- 6. Supportive Service Provider** _____
Contact: _____
Address: _____
E-Mail Address: _____
Phone: (____) ____ - _____ FAX: (____) ____ - _____

Attach this information for other key entities involved in the project.

SECTION 6 – GENERAL SITE AND FINANCING INFORMATION

Attach evidence of site control, evidence of proper zoning, sketch plan of site, schematic drawing if new construction, and picture of building if rehabilitation.

PART A – GENERAL SITE INFORMATION

Has a site been determined for this project? Yes No

PART B – SITE CONTROL

1. Does Applicant have site control? Yes No

If yes, form of control: Deed Date acquired: ___ / ___ / ___
 Contract Expiration Date of Contract: 5/31/2012
 Option to Purchase
Expiration Date of Option: ___ / ___ / ___
(Include copy of Statement of Intent from current site owner)

If no, describe the plan for attaining site control:

Total Cost of Land: \$ 1,650,000.00 Site area size: **5.6±** acres or sq. ft.

Seller's Name: Starbuck 56, LLC – Chuck Centers
Address: 2625 Sheridan Way
City: Sacramento, California 95821
Phone: (916) 488 - 0540 FAX: (916) 488 – 0541

2. Is the seller related to the Developer? Yes No

PART C – ZONING AND UTILITIES

1. Is the site properly zoned for your development? Yes No
If no, is site currently in process of rezoning? Yes No
When is the zoning issue expected to be resolved? ___ / ___ / ___

Explain:

2. Are utilities presently available to the site? Yes No

If no, which utilities need to be brought to the site:

Electric Water Phone Gas Sewer Other: _____

PART D – FINANCING PLAN

Include a budget which identifies anticipated development and other costs for the project.

For homeownership projects:

- The Development Pro Forma, which identifies the total development cost and the sources and uses of funds.
- The Home Sale Analysis Pro Forma to provide the estimated purchase price of the housing units to be developed and to describe the income group for which the properties are affordable.
- Attach Developer Agreement of sustained affordability with housing authority.

For rental projects:

- The Development Pro Forma, which identifies the total development cost and the sources and uses of funds.
- Describe the income groups for which the units are affordable.
- Provide proposed rents for each unit size.
- Provide supporting evidence of all funding commitments received, and a list of pending applications with dates of submission and expected awards.
- Provide proposed rent limitation agreement with housing authority.

For second dwelling units on owner occupied property:

- Describe financing available which identifies the total development cost and the sources and uses of funds.
- Describe the income group for which the unit is affordable (2009 HUD Income Limits Table on Page 2).

PART E – ANNUAL DEADLINES AND SUBMISSION DATES

Pre-submission meeting at the Development Services Department is required*	June 15 & December 15
Questions and requests for additional information accepted	June 15 - 30 & December 15 - 30
Application Submission	**July 1 - 15 & January 1 - 15
Notification to developer team who failed to meet submission requirements	January 16 - February 28 & July 16 – August 28
Advisory Group meetings to recommend projects	January 20 – February 28 & July 30 - August 28
Board of Supervisors awards funding	Not later than March 31 st & September 30 th

* A pre-submission meeting will be held to ensure that all potential applicants understand the process for submitting petitions. Location may vary. Attendance is strongly encouraged.

**** Deadline is at 5 p.m. of the final date. Deadlines that occur on weekends and holidays will be extended to the next business day.**

DEVELOPER INFORMATION CHECKLIST

1. FINANCIAL STATEMENT
2. ARTICLES OF INCORPORATION
3. BY-LAWS

IONIC ENTERPRISES, INC.

3007 DOUGLAS BLVD., SUITE #170

ROSEVILLE, CA 95661

FINANCIAL STATEMENT

OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

IONIC ENTERPRISES, INC.
BALANCE SHEET
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

ASSETS

Current Assets:

Checking -General	\$ 200,707.00	
Real Estate Holdings (Schedule A)	107,925,650.00	
Notes Receivable (Schedule B)	<u>16,212,578.00</u>	
Total Current Assets		\$ 124,338,935.00

Fixed Assets:

Furniture & Equipment (Schedule A)	\$ 74,529.00	
Accumulative Depreciation	<u>(3,600,000.00)</u>	
Total Fixed Assets		<u>\$ (3,525,471.00)</u>

TOTAL ASSETS \$ 120,813,464.00

LIABILITIES

Current Liabilities:

Accounts Payable-Trade	\$ 14,369.00	
Notes Payable (Schedule C)	<u>65,981,399.00</u>	
Total Current Liabilities		\$ 65,995,768.00

TOTAL LIABILITIES

STOCKHOLDER'S EQUITY

Capital Stock	\$ 10,000.00	
Retained Earnings	54,038,119.00	
Current Year Earnings	<u>769,577.00</u>	
	54,817,696.00	<u>\$ 54,817,696.00</u>

TOTAL STOCKHOLDERS EQUITY

TOTAL LIABILITIES & STOCKHOLDERS EQUITY \$ 120,813,464.00

IONIC ENTERPRISES, INC.
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011
SCHEDULE A
ASSETS

	Estimated Fair Market Value		
	Furniture and Fixtures		\$ 74,529.00
	Total		<u>\$ 74,529.00</u>
	REAL ESTATE HOLDINGS:		
88 Units	Oakcreek Apartments I	50% Ownership Interest	\$ 2,540,050.00
120 Units	Oakcreek Apartments II	50% Ownership Interest	4,500,000.00
236 Units	Villa Serena Apartments	50% Ownership Interest	14,241,600.00
80 Units	Woodcreek Apartments	50% Ownership Interest	3,750,000.00
120 Units	Parkway Apartments	50% Ownership Interest	5,614,000.00
112 Units	The Oaks at Sunset I	60% Ownership Interest	6,600,000.00
156 Units	Silver Ridge Senior Apartments	80% Ownership Interest	13,920,000.00
180 Units	The Verandas, A Senior Community	80% Ownership Interest	13,920,000.00
120 Units	Stanford Arms	60% Ownership Interest	6,840,000.00
80 Units	Lincoln Terrace	80% Ownership Interest	7,200,000.00
200 Units	The Knolls at Green Valley	80% Ownership Interest	14,400,000.00
180 Units	Northpointe Park Apartments	90% Ownership Interest	14,400,000.00
	TOTAL ASSETS		<u>\$ 107,925,650.00</u>

IONIC ENTERPRISES, INC.
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B
NOTES RECEIVABLE

REAL ESTATE HOLDINGS:				
88 Units	Oakcreek Apartments I	Developer's Fees	\$	3,090.00
120 Units	Oakcreek Apartments II	Developer's Fees		1,200,000.00
236 Units	Villa Serena Apartments	Developer's Fees		1,200,000.00
		Interest		732,173.00
80 Units	Woodcreek Apartments	Developer's Fees		668,921.00
		Interest		449,472.00
120 Units	Parkway Apartments	Developer's Fees		1,200,000.00
		Interest		722,755.00
112 Units	The Oaks at Sunset I	Developer's Fees		1,200,000.00
		Interest		530,883.00
156 Units ¹	Silver Ridge Senior Apartments	Developer's Fees		1,200,000.00
		Interest		324,000.00
		Advances		46,175.00
120 Units	Stanford Arms-Rocklin	Developer's Fees		293,765.00
		Interest		91,833.00
80 Units	Lincoln Terrace	Advances		696,760.00
200 Units	Knolls at Green Valley	Developer's Fees		1,056,000.00
		Advances		2,096,751.00
180 Units	Northpointe Park Apartments	Developer's Fees		2,500,000.00
	Total		\$	16,212,578.00

IONIC ENTERPRISES, INC.
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE C

NOTES PAYABLE

NOTES PAYABLE:

REAL ESTATE HOLDINGS:			
88 Units	Oakcreek Apartments I	50% Ownership Interest	\$ 980,420.00
120 Units	Oakcreek Apartments II	50% Ownership Interest	2,751,602.00
236 Units	Villa Serena Apartments	50% Ownership Interest	4,662,215.00
80 Units	Woodcreek Apartments	50% Ownership Interest	2,167,174.00
120 Units	Parkway Apartments	50% Ownership Interest	3,163,000.00
112 Units	The Oaks at Sunset	60% Ownership Interest	4,149,000.00
156 Units ¹	Silver Ridge Senior Apartments	80% Ownership Interest	5,908,000.00
180 Units	The Verandas, A Senior Community	60% Ownership Interest	6,762,220.00
120 Units	Stanford Arms-Rocklin	60% Ownership Interest	4,200,000.00
80 Units	Lincoln Terrace	80% Ownership Interest	5,877,790.00
200 Units	The Knolls at Green Valley	80% Ownership Interest	10,959,978.00
180 Units	Northpointe Park Apartments	90% Ownership Interest	<u>14,400,000.00</u>
	Total		\$ 65,981,399.00

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

2066908

ARTICLES OF INCORPORATION
OF
IONIC ENTERPRISES, INC.

JAN 21 1998

Bill Jones
BILL JONES, Secretary of State

1. The name of this corporation is IONIC ENTERPRISES, INC..
2. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

3. The name and address in the State of California of this corporation's initial agent for service of process is:

Paul Stamas
1B Sierra Gate Plaza
Roseville, CA 95678

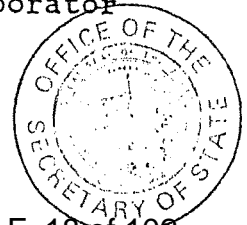
4. This corporation is authorized to issue only one class of shares of stock, which shall be designated "common" shares. The total number of shares which this corporation is authorized to issue is 10,000.

Dated: January 20, 1998

Phillip E. Gibbons
PHILLIP E. GIBBONS, Incorporator

I hereby certify that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

Phillip E. Gibbons
PHILLIP E. GIBBONS, Incorporator



BY-LAWS
OF

IONIC ENTERPRISES, INC.
A CALIFORNIA CORPORATION

ARTICLE I
OFFICES

Section 1. PRINCIPAL OFFICE. The principal office for the transaction of business of the corporation is hereby fixed and located at One Sierra Gate Plaza, #355B, City of Roseville, County of Placer, State of California. The location may be changed by approval of a majority of the authorized Directors, and additional offices may be established and maintained at such other place or places, either within or without California, as the Board of Directors may from time to time designate.

Section 2. OTHER OFFICES. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II
DIRECTORS - MANAGEMENT

Section 1. RESPONSIBILITY OF BOARD OF DIRECTORS. Subject to the provisions of the General Corporation Law and to any limitations in the Articles of Incorporation of the corporation relating to action required to be approved by the Shareholders, as that term is defined in Section 153 of the California Corporations Code, or by the outstanding shares, as that term is defined in Section 152 of the Code, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person, provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. STANDARD OF CARE. Each Director shall perform the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. (Sec. 309)

Section 3. EXCEPTION FOR CLOSE CORPORATION. Notwithstanding the provisions of Section 1, in the event that this corporation shall elect to become a close corporation as defined in Sec. 158, its Shareholders may enter into a Shareholders' Agreement as defined in Sec. 186. Said Agreement may provide for the exercise of corporate powers and the management of the business and affairs of this corporation by the Shareholders, provided, however, such agreement shall, to the extent and so long as the discretion or the powers of the Board in its management of corporate affairs is controlled by such agreement, impose upon each Shareholder who is a party thereof, liability for managerial acts performed or omitted by such person pursuant thereto otherwise imposed upon Directors as provided in Sec. 300 (d); and the Directors shall be relieved to that extent from such liability.

Section 4. NUMBER AND QUALIFICATION OF DIRECTORS. The authorized number of Directors shall be two (2) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this by-law adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote, as provided in Sec. 212.

Section 5. ELECTION AND TERM OF OFFICE OF DIRECTORS. Directors shall be elected at each annual meeting of the Shareholders to hold office until the next annual meeting. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 6. VACANCIES. Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, except that a vacancy created by the removal of a Director by the vote or written consent of the Shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each Director so elected shall hold office until the next annual meeting of the Shareholders and until a successor has been elected and qualified.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director, or if the Board of Directors by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of Directors is increased, or if the shareholders fail, at any meeting of shareholders at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.

The Shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 7. REMOVAL OF DIRECTORS. The entire Board of Directors or any individual Director may be removed from office as provided by Secs. 302, 303 and 304 of the Corporations Code of the State of California. In such case, the remaining Board members may elect a successor Director to fill such vacancy for the remaining unexpired term of the Director so removed.

Section 8. NOTICE, PLACE AND MANNER OF MEETINGS. Meetings of the Board of Directors may be called by the Chairman of the Board, or the President, or any Vice President, or the Secretary, or any two (2) Directors and shall be held at the principal executive office of the corporation, unless some other place is designated in the notice of the meeting. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment so long as all members participating in such a meeting can hear one another. Accurate minutes of any meeting of the Board or any committee thereof, shall be maintained as required by Sec. 1500 of the Code by the Secretary or other Officer designated for that purpose.

Section 9. ORGANIZATION MEETINGS. The organization meetings of the Board of Directors shall be held immediately following the adjournment of the annual meetings of the Shareholders.

Section 10. OTHER REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at the corporate offices, or such other place as may be designated by the Board of Directors, as follows:

Time of Regular Meeting: 10:00 a.m.
Date of Regular Meeting: 3rd Tues. in July

If said day shall fall upon a holiday, such meetings shall be held on the next succeeding business day thereafter. No notice need to be given of such regular meetings.

Section 11. SPECIAL MEETINGS - NOTICES - WAIVERS. Special meetings of the Board may be called at any time by any of the aforesaid officers, i.e., by the Chairman of the Board or the President or any Vice President or the Secretary or any two (2) Directors.

At least forty-eight (48) hours notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate Officer by telephone or telegraph. If the notice is sent to a Director by letter, it shall be addressed to him or her at his or her address as it is shown upon the records of the corporation, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place in which the principal executive office of the corporation is located at least four (4) days prior to the time of the holding of the meeting. Such mailing, telegraphing, telephoning or delivery as above provided shall be due, legal and personal notice to such Director.

When all of the Directors are present at any Directors' meeting, however called or noticed, and either (i) sign a written consent thereto on the records of such meeting, or, (ii) if a majority of the Directors are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which said waiver, consent or approval shall be filed with the Secretary of the corporation, or, (iii) if a Director attends a meeting without notice but without protesting, prior thereto or at its commencement, the lack of notice, then the transactions thereof are as valid as if had at a meeting regularly called and noticed.

Section 12. SOLE DIRECTOR PROVIDED BY ARTICLES OF INCORPORATION OR BY-LAWS. In the event only one (1) Director is required by the By-Laws or Articles of Incorporation, then any reference herein to notices, waivers, consents, meetings or other actions by a majority or quorum of the Directors shall be deemed to refer to such notice, waiver, etc., by such sole Director, who shall have all the rights and duties and shall be entitled to exercise all of the powers and shall assume all the responsibilities otherwise herein described as given to a Board of Directors.

Section 13. DIRECTORS ACTION BY UNANIMOUS WRITTEN CONSENT. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of Directors, if authorized by a writing signed individually or collectively by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

Section 14. QUORUM. A majority of the number of Directors as fixed by the Articles of Incorporation or By-Laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for such meeting.

Section 15. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned and held within twenty-four (24) hours, but if adjourned more than twenty-four (24) hours, notice shall be given to all Directors not present at the time of the adjournment.

Section 16. COMPENSATION OF DIRECTORS. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expense of attendance, if any, may be allowed for attendance at each regular and special meeting of the Board; provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

Section 17. COMMITTEES. Committees of the Board may be appointed by resolution passed by a majority of the whole Board. Committees shall be composed of two (2) or more members of the Board, and shall have such powers of the Board as may be expressly delegated to it by resolution of the Board of Directors, except those powers expressly made non-delegable by Sec. 311.

Section 18. ADVISORY DIRECTORS. The Board of Directors from time to time may elect one or more persons to be Advisory Directors who shall not by such appointment be members of the Board of Directors. Advisory Directors shall be available from time to time to perform special assignments specified by the President, to attend meetings of the Board of Directors upon invitation and to furnish consultation to the Board. The period during which the title shall be held may be prescribed by the Board of Directors. If no period is prescribed, the title shall be held at the pleasure of the Board.

Section 19. RESIGNATIONS. Any Director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

ARTICLE III
OFFICERS

Section 1. OFFICERS. The Officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other Officers as may be appointed in accordance with the provisions of Section 3 of this Article III. Any number of offices may be held by the same person.

Section 2. ELECTION. The Officers of the corporation, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS, ETC. The Board of Directors may appoint such other Officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION OF OFFICERS. Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting to the Board, or, except in case of an Officer chosen by the Board of Directors, by any Officer upon whom such power of removal may be conferred by the Board of Directors.

Any Officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the Officer is a party.

Section 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to that office.

Section 6. CHAIRMAN OF THE BOARD. The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by the By-Laws. If there is no President, the Chairman of the Board shall in addition be the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article III.

Section 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an Officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and Officers of the corporation. He or she shall preside at all meetings of the Shareholders and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. The President shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. VICE PRESIDENT. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to, all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

Section 9. SECRETARY. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Shareholders, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of shares present or represented at Shareholders' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register, showing the names of the Shareholders and their addresses; the number and classes of shares held by each; the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the Shareholders and of the Board of Directors required by the By-Laws or by law to be given. He or she shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 10. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares. The books of account shall at all reasonable times be open to inspection by any Director.

This Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

ARTICLE IV SHAREHOLDERS' MEETINGS

Section 1. PLACE OF MEETINGS. All meetings of the Shareholders shall be held at the principal executive office of the corporation unless some other appropriate and convenient location be designated for that purpose from time to time by the Board of Directors.

Section 2. ANNUAL MEETINGS. The annual meetings of the Shareholders shall be held, each year, at the time and on the day following:

Time of Meeting: 10:00 a.m.
Date of Meeting: 3rd Tues. in July

If this day shall be a legal holiday, then the meeting shall be held on the next succeeding business day, at the same hour. At the annual meeting, the Shareholders shall elect a Board of Directors, consider reports of the affairs of the corporation and transact such other business as may be properly brought before the meeting.

Section 3. SPECIAL MEETINGS. Special meetings of the Shareholders may be called at any time by the Board of Directors, the Chairman of the Board, the President, a Vice President, the Secretary, or by one or more Shareholders holding not less than one-tenth (1/10) of the voting power of the corporation. Except as next provided, notice shall be given as for the annual meeting.

Upon receipt of a written request addressed to the Chairman, President, Vice President, or Secretary, mailed or delivered personally to such Officer by any person (other than the Board) entitled to call a special meeting of Shareholders, such Officer shall cause notice to be given, to the Shareholders entitled to vote, that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of such request. If such notice is not given within twenty (20) days after receipt of such request, the persons calling the meeting may give notice thereof in the manner provided by these By-Laws or apply to the Superior Court as provided in Sec. 305 (c).

Section 4. NOTICE OF MEETINGS - REPORTS. Notice of meetings, annual or special, shall be given in writing not less than ten (10) nor more than sixty (60) days before the date of the meeting to Shareholders entitled to vote thereat. Such notice shall be given by the Secretary or the Assistant Secretary, or if there be no such Officer, or in the case of his or her neglect or refusal, by any Director or Shareholder.

Such notices or any reports shall be given personally or by mail or other means of written communication as provided in Sec. 601 of the Code and shall be sent to the Shareholder's address appearing on the books of the corporation, or supplied by him or her to the corporation for the purpose of notice, and in the absence thereof, as provided in Sec. 601 of the Code.

Notice of any meeting of Shareholders shall specify the place, the day and the hour of meeting, and (1) in case of a special meeting, the general nature of the business to be transacted and no other business may be transacted, or (2) in the case of an annual meeting, those matters which the Board at date of mailing, intends to present for action by the Shareholders. At any meetings where Directors are to be elected, notice shall include the names of the nominees, if any, intended at date of notice to be presented by management for election.

If a Shareholder supplies no address, notice shall be deemed to have been given if mailed to the place where the principal executive office of the corporation, in California, is situated, or published at least once in some newspaper of general circulation in the County of said principal office.

Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The Officer giving such notice or report shall prepare and file an affidavit or declaration thereof.

When a meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 5. WAIVER OF NOTICE OR CONSENT BY ABSENT SHAREHOLDERS. The transactions of any meeting of Shareholders, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Shareholders entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance shall constitute a waiver of notice, unless objection shall be made as provided in Sec. 601 (e).

Section 6. SHAREHOLDERS ACTING WITHOUT A MEETING - DIRECTORS. Any action which may be taken at a meeting of the Shareholders, may be taken without a meeting or notice of meeting if authorized by a writing signed by all of the Shareholders entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation, provided, further, that while ordinarily Directors can only be elected by unanimous written consent under Sec. 603 (d), if the Directors fail to fill a vacancy, then a Director to fill that vacancy may be elected by the written consent of persons holding a majority of shares entitled to vote for the election of Directors.

Section 7. OTHER ACTIONS WITHOUT A MEETING. Unless otherwise provided in the California Corporations Code or the Articles, any action which may be taken at any annual or special meeting of Shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, signed by the holders of outstanding shares

having not less than the minimum number of votes that would be necessary to authorized or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Unless the consents of all Shareholders entitled to vote have been solicited in writing,

(1) Notice of any Shareholder approval pursuant to Secs. 310, 317, 1201 or 2007 without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval, and

(2) Prompt notice shall be given of the taking of any other corporate action approved by Shareholders without a meeting by less than unanimous written consent, to each of those Shareholders entitled to vote who have not consented in writing.

Any Shareholder giving a written consent, or the Shareholder's proxyholders, or a transferee of the shares of a personal representative of the Shareholder or their respective proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the corporation, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the corporation.

Section 8. QUORUM. The holders of a majority of the shares entitled to vote thereat, present in person, or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at a meeting as originally notified.

If a quorum be initially present, the Shareholders may continue to transact business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken is approved by a majority of the Shareholders required to initially constitute a quorum.

Section 9. VOTING. Only persons in whose names shares entitled to vote stand on the stock records of the corporation on the day of any meeting of Shareholders, unless some other day be

fixed by the Board of Directors for the determination of Shareholders of record, and then on such other day, shall be entitled to vote at such meeting.

Provided the candidate's name has been placed in nomination prior to the voting and one or more Shareholder has given notice at the meeting prior to the voting of the Shareholder's intent to cumulate the Shareholder's votes, every Shareholder entitled to vote at any election for Directors of any corporation for profit may cumulate their votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his or her shares are entitled, or distribute his or her votes on the same principle among as many candidates as he or she thinks fit.

The candidates receiving the highest number of votes up to the number of Directors to be elected are elected.

The Board of Directors may fix a time in the future not exceeding sixty (60) days preceding the date of any meeting of Shareholders or the date fixed for the payment of any dividend or distribution, or for the allotment or rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the Shareholders entitled to notice of and to vote at any such meeting, or entitled to receive any such dividend or distribution, or any allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only Shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such dividends, distribution or allotment of rights, or to exercise such rights, as the case may be notwithstanding any transfer of any share on the books of the corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the corporation against transfers of shares during the whole or any part of such period.

Section 10. PROXIES. Every Shareholder entitled to vote, or to execute consents, may do so, either in person or by written proxy, executed in accordance with the provisions of Secs. 604 and 705 of the Code and filed with the Secretary of the corporation.

Section 11. ORGANIZATION. The President, or in the absence of the President, any Vice President, shall call the meeting of the Shareholders to order, and shall act as chairman of the meeting. In the absence of the President and all of the Vice Presidents, Shareholders shall appoint a chairman for such meeting. The Secretary of the corporation shall act as Secretary of all meetings of the Shareholders, but in the absence of the

Secretary at any meeting of the Shareholders, the presiding Officer may appoint any person to act as Secretary of the meeting.

Section 12. INSPECTORS OF ELECTION. In advance of any meeting of Shareholders the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any Shareholder or his or her proxy shall, make such appointment at the meeting in which case the number of inspectors shall be either one (1) or three (3) as determined by a majority of the Shareholders represented at the meeting.

Section 13. (A) SHAREHOLDERS' AGREEMENTS. Notwithstanding the above provisions, in the event this corporation elects to become a close corporation, an agreement between two (2) or more Shareholders thereof, if in writing and signed by the parties thereof, may provide that in exercising any voting rights the shares held by them shall be voted as provided therein or in Sec. 706, and may otherwise modify these provisions as to Shareholders' meetings and actions.

(B) EFFECT OF SHAREHOLDERS' AGREEMENTS. Any Shareholders' Agreement authorized by Sec. 300 (b), shall only be effective to modify the terms of these By-Laws if this corporation elects to become a close corporation with appropriate filing of or amendment to its Articles as required by Sec. 202 and shall terminate when this corporation ceases to be a close corporation. Such an agreement cannot waive or alter Secs. 158, (defining close corporations), 202 (requirements of Articles of Incorporation), 500 and 501 relative to distributions, 111 (merger), 1201 (e) (reorganization) or Chapters 15 (Records and Reports) or 16 (Rights of Inspection), 18 (Involuntary Dissolution) or 22 (Crimes and Penalties). Any other provisions of the Code or these By-Laws may be altered or waived thereby, but to the extent they are not so altered or waived, these By-Laws shall be applicable.

ARTICLE V CERTIFICATES AND TRANSFER OF SHARES

Section 1. CERTIFICATES FOR SHARES. Certificates for shares shall be of such form and device as the Board of Directors may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance; the number of shares for which it is issued; a statement of the rights, privileges, preferences and restrictions, if any; a statement as to the redemption or conversion, if any; a statement of liens or restrictions upon transfer or voting, if any; if the shares be assessable or, if assessments are collectible by personal action, a plain statement of such facts.

All certificates shall be signed in the name of the corporation by the Chairman of the Board or Vice Chairman of the Board or the President or Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the Shareholder.

Any or all of the signatures on the certificate may be facsimile. In case any Officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that Officer, transfer agent, or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an Officer, transfer agent, or registrar at the date of issue.

Section 2. TRANSFER ON THE BOOKS. Upon surrender to the Secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. LOST OR DESTROYED CERTIFICATES. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of the fact and shall, if the Directors so require, give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the value of the stock represented by said certificate, whereupon a new certificate may be issued in the same tenor and for the same number of shares as the one alleged to be lost or destroyed.

Section 4. TRANSFER AGENTS AND REGISTRARS. The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars, which shall be an incorporated bank or trust company, either domestic or foreign, who shall be appointed at such times and places as the requirements of the corporation may necessitate and the Board of Directors may designate.

Section 5. CLOSING STOCK TRANSFER BOOKS - RECORD DATE. In order that the corporation may determine the Shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action.

If no record date is fixed; the record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is given.

The record date for determining Shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

Section 6. LEGEND CONDITION. In the event any shares of this corporation are issued pursuant to a permit or exemption therefrom requiring the imposition of a legend condition, the person or persons issuing or transferring said shares shall make sure said legend appears on the certificate and shall not be required to transfer any shares free of such legend unless an amendment to such permit or a new permit be first issued so authorizing such a deletion.

Section 7. CLOSE CORPORATION CERTIFICATES. All certificates representing shares of this corporation, in the event it shall elect to become a close corporation, shall contain the legend required by Sec. 418 (c).

Section 8. PROVISION RESTRICTING TRANSFER OF SHARES.

Before there can be a valid sale or transfer of any of the shares of this corporation by the holders thereof, the holder of the shares to be sold or transferred shall first give notice in writing to the Secretary of this corporation of his or her intention to sell or transfer such shares. Said notice shall specify the number of shares to be sold or transferred, the price per share and the terms upon which such holder intends to make such sale or transfer. The Secretary shall within five (5) days thereafter, mail or deliver a copy of said notice to each of the other Shareholders of record of this corporation. Such notice may be delivered to such Shareholders personally or may be mailed to the last known addresses of such Shareholders, as the same may appear on the books of this corporation. Within thirty (30) days after the mailing or delivery of said notices to such Shareholders, any such Shareholder or Shareholders desiring to acquire any part or all of the shares referred to in said notice shall deliver by mail or otherwise to the Secretary of this corporation a written offer or offers to purchase a specified number or numbers of such shares at the price and upon the terms stated in said notice.

If the total number of shares specified in such offers exceeds the number of shares referred to in said notice, each offering Shareholder shall be entitled to purchase such proportion of the shares referred to in said notice to the Secretary, as the number of shares of this corporation, which he or she holds bears to the total number of shares held by all Shareholders desiring to purchase the shares referred to in said notice to the Secretary.

If all of the shares referred to in said notice to the Secretary are not disposed of under such apportionment, each Shareholder desiring to purchase shares in a number in excess of his or her proportionate share, as provided above, shall be entitled to purchase such proportion of those shares which remain thus undisposed of, as the total number of shares which he or she holds bears to the total number of shares held by all of the Shareholders desiring to purchase shares in excess of those to which they are entitled under such apportionment.

The aforesaid right to purchase the shares referred to in the aforesaid notice to the Secretary shall apply only if all of the shares referred to in said notice are purchased. Unless all of the shares referred to in said notice to the Secretary are purchased, as aforesaid, in accordance with offers made within said thirty days, the Shareholder desiring to sell or transfer may dispose of all shares of stock referred to in said notice to the Secretary to any person or persons whomsoever; provided, however, that he or she shall not sell or transfer such shares at a lower price or on terms more favorable to the purchaser or transferee than those specified in said notice to the Secretary.

Any sale or transfer, or purported sale or transfer, of the shares of said corporation shall be null and void unless the terms, conditions and provisions of this section are strictly observed and followed.

ARTICLE VI
RECORDS - REPORTS - INSPECTION

Section 1. RECORDS. The corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal executive office in the State of California, as fixed by the Board of Directors from time to time.

Section 2. INSPECTION OF BOOKS AND RECORDS. All books and records provided for in Sec. 1500 shall be open to inspection of the Directors and Shareholders from time to time and in the manner provided in said Sec. 1600 - 1602.

Section 3. CERTIFICATION AND INSPECTION OF BY-LAWS. The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be kept at the corporation's principal executive office and shall be open to inspection by the Shareholders of the corporation at all reasonable times during office hours, as provided in Sec. 213 of the Corporations Code.

Section 4. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 5. CONTRACTS, ETC. -- HOW EXECUTED. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no Officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purpose or to any amount, except as provided in Sec. 313 of the Corporations Code.

ARTICLE VII
ANNUAL REPORTS

Section 1. REPORT TO SHAREHOLDERS, DUE DATE. The Board of Directors shall cause an annual report to be sent to the Shareholders not later than one hundred twenty (120) days after the close of the fiscal or calendar year adopted by the corporation. This report shall be sent at least fifteen (15) days before the annual meeting of Shareholders to be held during the next fiscal year and in the manner specified in Section 4 of Article IV of these By-Laws for giving notice to Shareholders of the corporation. The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accountants or, if there is no such report, the certificate of an authorized Officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

Section 2. WAIVER. The annual report to Shareholders referred to in Section 1501 of the California General Corporation Law is expressly dispensed with so long as this corporation shall have less than one hundred (100) Shareholders. However, nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the Shareholders of the corporation as they consider appropriate.

ARTICLE VIII
AMENDMENTS TO BY-LAWS

Section 1. AMENDMENT BY SHAREHOLDERS. New By-Laws may be adopted or these By-Laws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the corporation set forth the number of authorized Directors of the corporation, the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

Section 2. POWERS OF DIRECTORS. Subject to the right of the Shareholders to adopt, amend or repeal By-Laws, as provided in Section 1 of this Article VIII, and the limitations of Sec. 204 (a) (5) and Sec. 212, the Board of Directors may adopt, amend or repeal any of these By-Laws other than a By-Law or amendment thereof changing the authorized number of Directors.

Section 3. RECORD OF AMENDMENTS. Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws with the original By-Laws, in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

ARTICLE IX
CORPORATE SEAL

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the corporation, the year or date of its incorporation, and the word "California".

ARTICLE X
MISCELLANEOUS

Section 1. REFERENCES TO CODE SECTIONS. "Sec." references herein refer to the equivalent Sections of the California Corporations Code effective January 1, 1977, as amended.

Section 2. REPRESENTATION OF SHARES IN OTHER CORPORATIONS. Shares of other corporations standing in the name of this corporation may be voted or represented and all incidents thereto may be exercised on behalf of the corporation by the Chairman of the Board, the President or any Vice President and the Secretary or an Assistant Secretary.

Section 3. SUBSIDIARY CORPORATIONS. Shares of this corporation owned by a subsidiary shall not be entitled to vote on any matter. A subsidiary for these purposes is defined as a corporation, the shares of which possessing more than 25% of the total combined voting power of all classes of shares entitled to vote, are owned directly or indirectly through one (1) or more subsidiaries.

Section 4. INDEMNIFICATION AND LIABILITY. The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) for breach of duty to the corporation and shareholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject to the limits on such excess indemnification set forth in Section 204 of the California Corporations Code.

Section 5. ACCOUNTING YEAR. The accounting year of the corporation shall be fixed by resolution of the Board of Directors.

CERTIFICATE OF ADOPTION OF BY-LAWS


ADOPTION BY FIRST DIRECTORS.

The undersigned person being the First Directors of IONIC ENTERPRISES, INC. hereby adopt the foregoing By-Laws of said corporation.

Executed this 21st day of January, 1998.



PAUL STAMAS



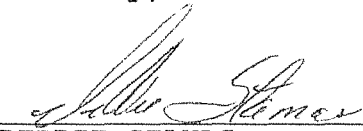
DEBBIE STAMAS

CERTIFICATE BY SECRETARY.

I DO HEREBY CERTIFY AS FOLLOWS:

That I am the duly elected, qualified and acting Secretary of the above named corporation, that the foregoing By-Laws were adopted as the By-Laws of said corporation on the date set forth above by the Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal this 21st day of January, 1998.



DEBBIE STAMAS,
Secretary

SUMMARY OF PROJECT

Casa Bella Senior Apartments is a proposed community to be developed by Ionic Enterprises, Inc. This apartment community will be located at Green Valley Road and Starbuck Road and wrap around the Rite Aid Pharmacy at 3101 Green Valley Road.

The Community will consist of 160 affordable senior restricted apartment homes that will be built in two phases. All units will be accessible because of elevators and the level grade of the property. Approximately eight apartment homes will have full handicap accessibility. Fifty percent of the community will have rent limits for very low income households and the remainder of the project will not exceed 60% of the median income. Given that this community meets the need for affordable senior housing in Cameron Park we will be asking for a 100% TIM Fee Offset.

The total Development Costs are budgeted at \$9,357,593.00. Traffic Fees without respect to discounts for affordable rents total \$4,348,000.00. 80 of the apartments will be at the very low income level and 80 will be very close to 50% of the median income, not exceeding 56%. These second 80 units would ordinarily be charged 25% of the standard fees.

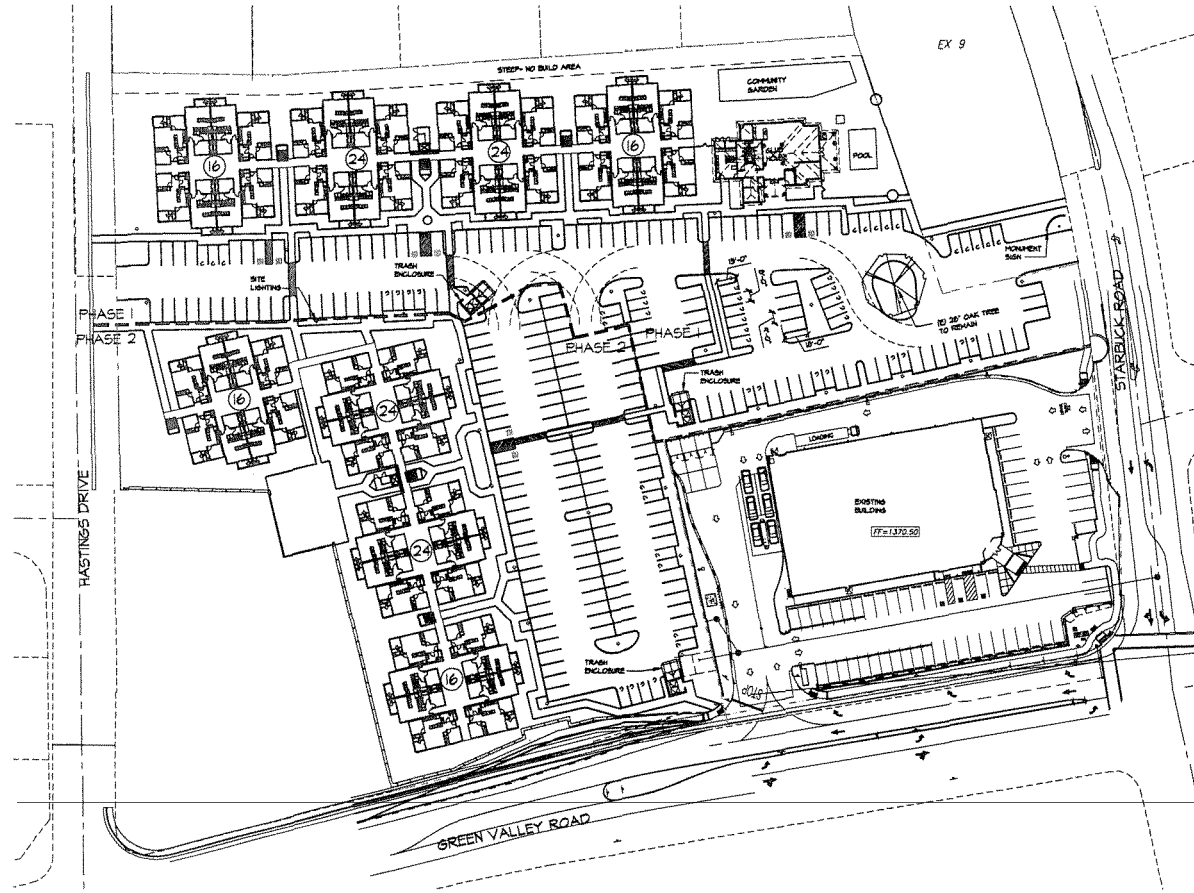
LOCATION OF SITE AND ELEVATIONS

1. SITE PLAN
2. ELEVATIONS

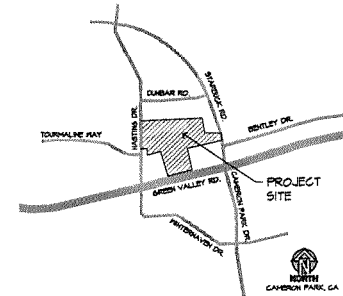
CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

178 STONE POINT DRIVE
SUITE 301
ROSEVILLE CA 95661
71916 782 7200
71916 773 3037
BORGESARCH.COM



VICINITY MAP



PROJECT DATA

OWNER ADDRESS:
LONG ENTERPRISES
8001 DONALD BLVD., SITE 110
ROSEVILLE, CA 95661
CONTACT: PAUL STRAWS
SECTION, TYPENUM, AND RANGE:
SR 141 SECTION 21, T. 10 N., R. 4 E. HDQM
ADDRESS'S PARCEL NUMBER:
02-10-09, 02-10-01, 02-10-141
ZONING:
R2-0C (LIMITED MULTI-FAMILY RESIDENTIAL)
TOTAL SITE ACRES: 5.84 ACRES
TOTAL DENSITY LIMIT: 40 UNITS

OVERALL AREA

BUILDING A	3,546	SQ. FT.
BUILDING B	75,221	SQ. FT.
BUILDING C	78,911	SQ. FT.
POOL / PATIO AREA	382	SQ. FT.
TOTAL *	157,360	SQ. FT.

PHASE 1

BUILDING A	3,546	SQ. FT.
CLUBHOUSE	133	SQ. FT.
POOL / PATIO AREA	3,546	SQ. FT.
TOTAL *	7,225	SQ. FT.

BUILDING B	4,904	SQ. FT.
2 CLUSTERS (3 STORIES, 24 UNITS)	27,656	SQ. FT.
2 CLUSTERS (2 STORIES, 16 UNITS)	2,304	SQ. FT.
CORRIDORS, STAIRS, & ELEV.	15,224	SQ. FT.
TOTAL *	49,988	SQ. FT.

PHASE 2

BUILDING C	4,904	SQ. FT.
2 CLUSTERS (3 STORIES, 24 UNITS)	27,656	SQ. FT.
2 CLUSTERS (2 STORIES, 16 UNITS)	2,304	SQ. FT.
CORRIDORS, STAIRS, & ELEV.	18,949	SQ. FT.
TOTAL *	53,813	SQ. FT.

PARKING DATA

OVERALL PARKING COUNT

OVERALL PARKING REQUIRED:	
1 BEDROOM = 18 SPACES	80 UNITS X 18 = 1,440 SPACES
2 BEDROOM = 2 SPACES	80 UNITS X 2 = 160 SPACES
TOTAL REQUIRED	1,600

OVERALL PARKING PROVIDED:	
STANDARD SPACES	201
COMPACT SPACES	5
ACCESSIBLE SPACES	0
TOTAL	206 SPACES PROVIDED

PHASE 1

PARKING REQUIRED:	
1 BEDROOM = 18 SPACES	40 UNITS X 18 = 720 SPACES
2 BEDROOM = 2 SPACES	40 UNITS X 2 = 80 SPACES
TOTAL REQUIRED	800

PARKING PROVIDED:	
STANDARD SPACES	40
COMPACT SPACES	4
ACCESSIBLE SPACES	0
TOTAL	44 SPACES PROVIDED

PHASE 2

PARKING REQUIRED:	
1 BEDROOM = 18 SPACES	40 UNITS X 18 = 720 SPACES
2 BEDROOM = 2 SPACES	40 UNITS X 2 = 80 SPACES
TOTAL REQUIRED	800

PARKING PROVIDED:	
STANDARD SPACES	103
COMPACT SPACES	12
ACCESSIBLE SPACES	2
TOTAL	117 SPACES PROVIDED

ARCHITECTURAL SITE PLAN

© 2011 Borges Architectural Group

DATE: 11/11/2011
JOB NO.: 110066
DRAWN BY: KJM

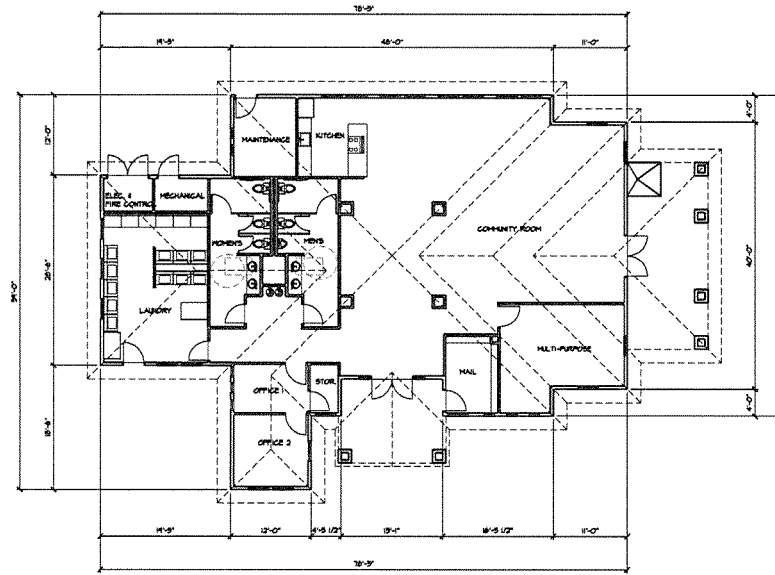


SA-0.10

CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

1478 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
T (916) 782 7200
F (916) 773 3837
BORGESARCH.COM



FLOOR PLAN BLDG. A

Owner: Ionic Enterprises

DATE: 11/1/2011
JOB NO.: 11066
DRAWN BY: KJM

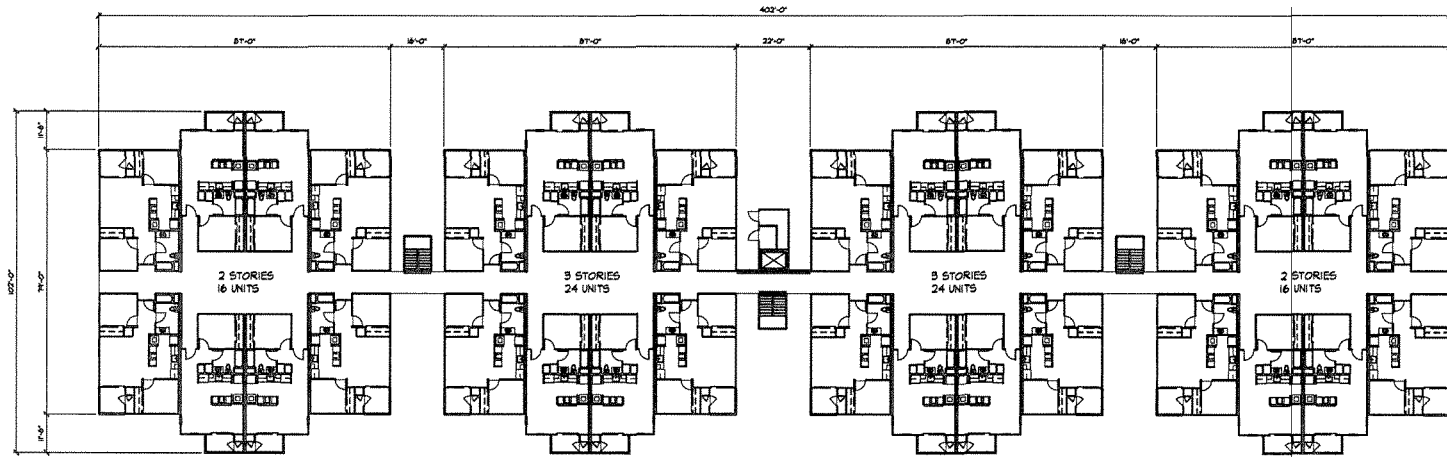


SA-1.10

CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

1478 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
T 916 783 7200
F 916 773 3037
BORGESARCH.COM



FLOOR PLAN BLDG. B

Owner-Ionic Enterprises

DATE: 11/11/2011
JOB NO. 11066
DRAWN BY: KJM
Scale: 1/8" = 1'-0"

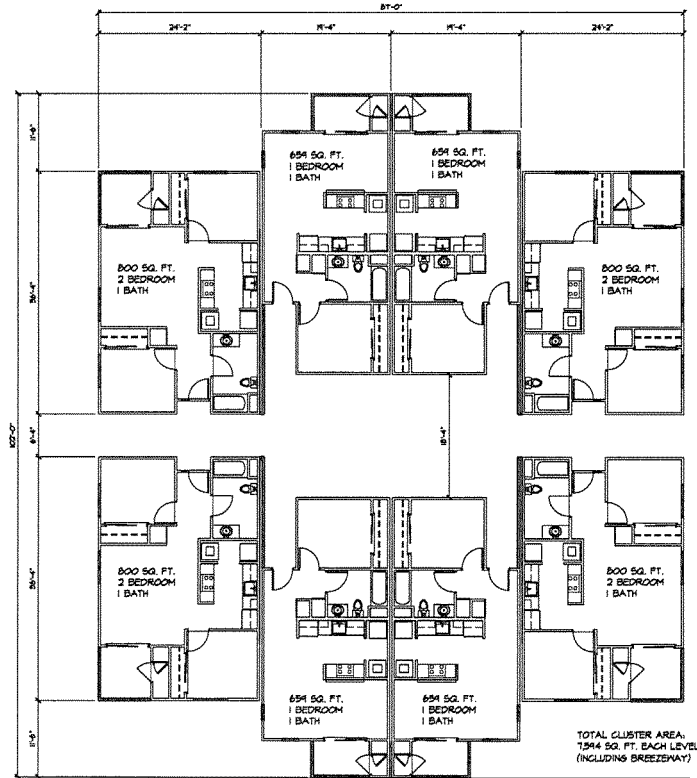
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CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

118 STONE POINT DRIVE
SUITE 330
ROSEVILLE CA 95661

T 916 781 7200
F 916 773 3037
BORGESARCH.COM



ENLARGED CLUSTER PLAN

Client's Name: Client's Logo

DATE: 11/11/2011
JOB NO.: 11066
DRAWN BY: KJM

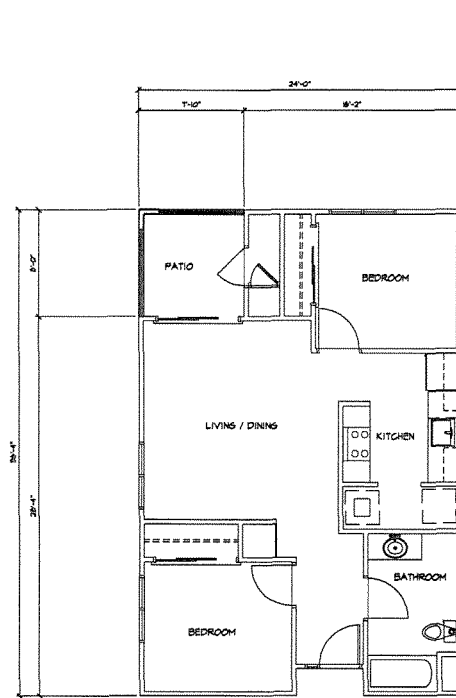


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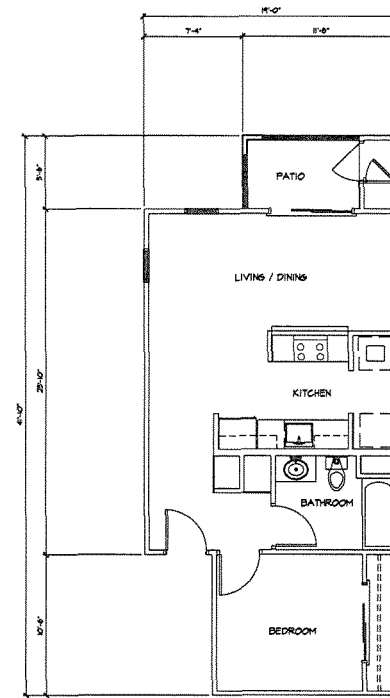
CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

1115 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
T 916 783 7300
F 916 773 3037
BORGESARCH.COM



2 BEDROOM / 1 BATH UNIT
200 SQ. FT. INTERIOR
61 SQ. FT. EXTERIOR



1 BEDROOM / 1 BATH UNIT
854 SQ. FT. INTERIOR
46 SQ. FT. EXTERIOR

ENLARGED UNIT PLANS

Owner-Ionic Enterprises

DATE: 11/1/2011
JOB NO.: 11066
DRAWN BY: K.J.M.



SA-1.21

CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

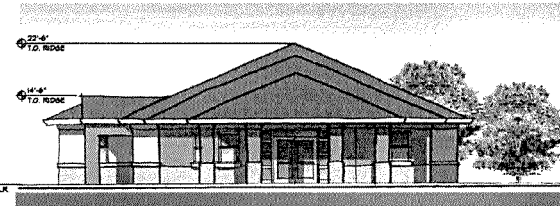
1478 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
T 916 782 7200
F 916 773 3037
BORGESARCH.COM



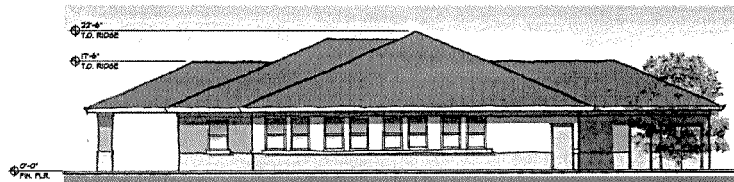
12-0365 F 47 of 102



SOUTH ELEVATION - FRONT



EAST ELEVATION - RIGHT SIDE



NORTH ELEVATION - REAR



WEST ELEVATION - LEFT SIDE

EXTERIOR ELEVATIONS BLDG. A

Owner: Ionic Enterprises

DATE: 11/1/2011
JOB NO.: 11066
DRAWN BY: KJM



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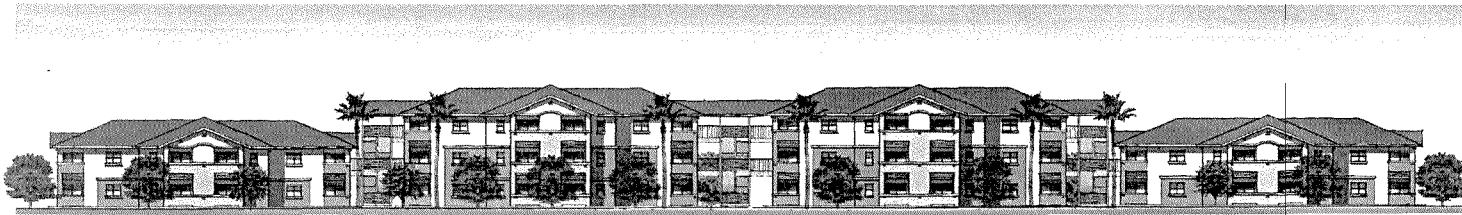
CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

1478 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
71916 787 7200
71916 773 3037
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12-0365 F 48 of 102



BUILDING B




BUILDING C

STREETSCAPE ELEVATIONS BLDGS. B & C

Owner-Ionic Enterprises

DATE: 01/1/2011
JOB NO.: 11066
DRAWN BY: KJM



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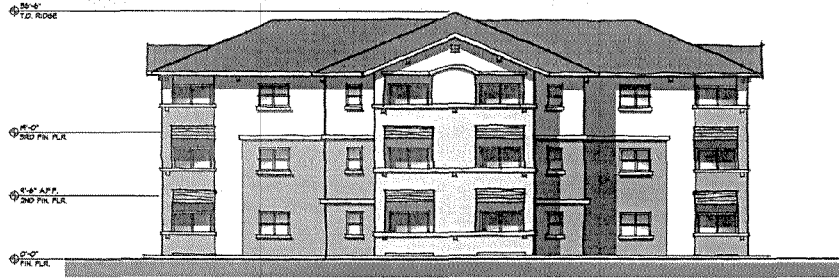
CAMERON PARK SENIOR APARTMENTS

GREEN VALLEY RD. BETWEEN HASTINGS DR. & STARBUCK RD.
CAMERON PARK, CA

1478 STONE POINT DRIVE
SUITE 350
ROSEVILLE CA 95661
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ARCHITECTURE
PLANNING
INTERIORS
Borges ARCHITECTURAL GROUP

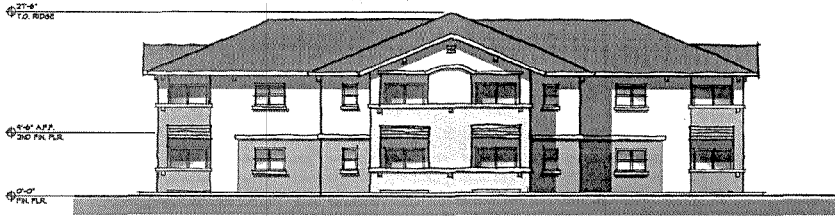
12-0365 F-49 of 102



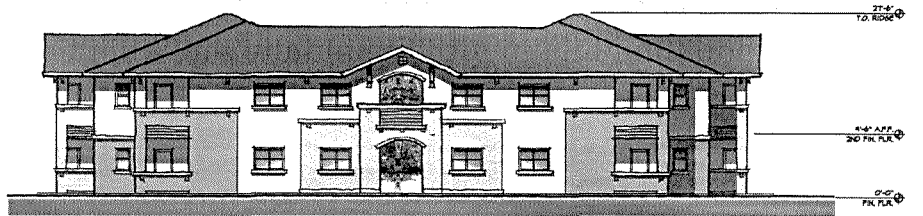
3 STORY TYPICAL FRONT / BACK ELEVATION



3 STORY TYPICAL SIDE ELEVATION



2 STORY TYPICAL FRONT / BACK ELEVATION



2 STORY TYPICAL SIDE ELEVATION

TYPICAL CLUSTER ELEVATIONS

Owner: Ionic Enterprises

DATE: 11/12/2011
JOB NO.: 11066
DRAWN BY: KJM



SA-132

FINANCING PLAN

1. PROJECT SUMMARY CALCULATIONS
2. SOURCES AND USES OF FUNDS
3. FINANCING SOURCES

Project Summary / Calculation Page

2011 TCAC

4%

11.29.11

80 units

(3)

SHORTFALL CALCULATION

Project Name:	Cameron Park Seniors
City/County:	Cameron Park / El Dorado
Census Tract:	
Rural?:	Yes
HCA?:	Yes
Market Rate units?	No
State Credits?	no
Total Units	80
SqFt	57,944
\$ per SqFt	\$87.50
Target	Senior
# of BR	
Cost per unit	\$120,379

enter Yes or No
enter Yes or No
enter Yes or No
enter No
Also pg 17
No If using HOME

includes contingency

Enter Family, Senior, etc

\$63,375 Hard cost/unit

9,630,343	Total Dev. Costs
5,070,005	Total Hard Costs
8,563,369	Total Eligible Basis
8,563,369	Requested Basis (Equal or Less than Max)

Max Basis Calculation (no elevator no features)

Unit	No.	Basis Limit	2010
1BR	40	182,380	7,295,200
2BR	40	220,000	8,800,000
3BR			0
			0
Maximum Basis			16,095,200
See page 7 for base increases			20.00% 0 Pg 7
			4.00% 643,808 Pg 7
To be Selected			8,149,468 Pg 7
Item J or K 1% Impact Fees			1,464,737 Pg 7
Max. Basis for Max Points			26,353,213
Eligible Basis			8,563,369
Diff			17,789,844

8,563,369	Requested Basis
100.00%	HCA Factor
8,563,369	Adjusted Basis
100.00%	Less Market (enter rate if not 80%)
8,563,369	Qualified Basis
0.0318	Fed'l Credit Factor
2,723,151	Total Fed'l Credits (ten yrs)
0	Acquisition Basis
100.00%	Less Market (enter rate if not 80%)
0	Qualified Basis
0.034	Fed'l Credit Factor for Acquisition
0	Total Acquist Fed'l Credits (ten yrs)
2,723,151	Total Fed'l Credits
0.00%	State Credit Factor
0	Total State Credits @ 65 cents
2,723,151	Total State and Federal Credits
0.950	Percentage
2,586,994	Proceeds
9,630,343 Total Dev. Costs	
-2,586,994	Proceeds
-6,169,717	Perm Tax Exempt
0	City Loan 1st yr payment
0	Contractor Profit
-873,632	Deferred Dev. Fee
0 (Shortfall)/Overage	

1,116,961 Maximum Dev. Fee
78.22% % of Dev. Fee deferred
243,329 Pd. Dev. Fee

Average Rent Calculation 50 @ 50% & 25 @ 55% bal @ 60 2011

Unit	No.	Gross Rents	TC 60% (Max)	Rent Level
1BR	20	704	845	50.00%
1BR	10	774	845	55.00%
1BR	10	845	845	60.00%
2BR	20	845	1014	50.00%
2BR	10	929	1014	55.00%
2BR	9	950	1014	56.00%
Unit Subtotal		79		
2BR Mgr	1	0		
Unit Total		80		

Average Rents: 0.0000%

4,749,818 Minimum Bond Tax Exemption

CDLAC

\$121,903 Estimated per unit costs
64,177 Estimated total hard costs per unit
\$95,919 Allocation per Restricted Rental Unit

Util. Allowances

Unit Type	Amt.
1BR	37
2BR	52
3BR	0
4BR	0

60 comes from page 20
78 comes from page 20
comes from page 20
comes from page 20

Syndication Calculation

272,315 Annual Fed'l Credits
0 State Credits
2,723,151 Total Credits
0.95 Credit %
2,586,994 Total Proceeds

776,098 1st Payin (30% during Constr.)
1,293,497 2nd Payin (50% @ Close of Const.)
258,699 3rd Payin (10% @ 90/90 occ.)
258,699 4th Payin (10% @ 8609)

Permanent Loan Calculation

738,024	Rental Income	
14,400	Misc. Income	(comes from Cashflow)
-37,621	Vacancy Allowance @ 5.00%	
-265,100	Op. Expenses	3,314 (comes from Cashflow)
-20,000	Reserves	250 (comes from Cashflow)
429,703	NOI	
1.15	DSR	
373,655	Perm (35yrs/17yrs @ 5.0%)	6,169,717
56,048	Cashflow (first year)	

Construction Loan Calculation

9,630,343 Total Dev. Costs
-776,098 Syndication Payin
0 Contr. Fee Deferrment
-1,116,961 Developer Fee
-159,689 Deferred Reserves - during constructi
7,577,595 Const. Loan Amount
80.34% Home/Const/City Waivers
Const. Loan Payoff
6,169,717 Perm Loan
1,293,497 2nd Synd. Pay/City Loan
7,463,214 Total to Payoff Const. Loan

A. Development Budget

	TOTAL PROJECT COST	RESIDENTIAL COST	Seller Note	PERMANENT SOURCES			30% PVC for Fed Subsidized NC / Rehab	30% PVC for Acquisition	
				Tax Credit Equity	1. Bonds	2. City Funds			3. Deferred Developer Fees
<i>LAND COST/ACQUISITION</i>									
Land Cost or Value	750,000	750,000			750,000		XXXXXXXXXX	XXXXXXXXXX	
Demolition		0		0			XXXXXXXXXX	XXXXXXXXXX	
Legal	0	0					XXXXXXXXXX	XXXXXXXXXX	
Total Land Cost or Value	\$750,000	\$750,000	\$0	\$0	\$750,000	\$0	\$0	XXXXXXXXXX	XXXXXXXXXX
Existing Improvements Value		0				0	XXXXXXXXXX	0	
Off-Site Improvements	0	0					XXXXXXXXXX		
Total Acquisition Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<i>REHABILITATION</i>									
Site Work	0	0						0	
Structures		0						0	
General Requirements	0	0						0	
Contractor Overhead	0	0						0	
Contractor Profit	0	0						0	
Prevailing Wages		0						0	
General Liability Insurance	0	0						0	
Total Rehab. Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Relocation Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<i>NEW CONSTRUCTION</i>									
Site Work	600,000	600,000		0	600,000			600,000	
Structures	3,580,000	3,580,000		156,267	3,423,733			3,580,000	
General Requirements	167,200	167,200		167,200				167,200	
Contractor Overhead	83,600	83,600		83,600				83,600	
Contractor Profit	347,776	347,776		347,776				347,776	
Prevailing Wages	0	0						0	
Builder's Risk Insurance	50,000	50,000		50,000				50,000	
Total New Construction Costs	\$4,828,576	\$4,828,576	\$0	\$804,843	\$4,023,733	\$0	\$0	\$4,828,576	\$0

\$87.50

	TOTAL PROJECT COST	RESIDENTIAL COST	COMMERCIAL COST	Tax Credit Equity	1. Bonds	2. City Funds	3. Deferred Fees	30% PVC for Fed Subsidized NC / Rehab	30% PVC for Acquisition
ARCHITECTURAL FEES									
Design	150,000	150,000		150,000				150,000	
Supervision	0	0						0	
Total Architectural Costs	\$150,000	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$150,000	\$0
Survey & Engineering	\$150,000	\$150,000		\$150,000				\$150,000	
CONST. INTEREST & FEES									
Const. Loan Interest	200,000	200,000		200,000				200,000	
Origination Fee- 1.15%	82,455	82,455		82,455				82,455	
Credit Enhance. & App. Fee	10,000	10,000		10,000				10,000	
Bond Premium		0		0				0	
Taxes	10,000	10,000		10,000				10,000	
Insurance	30,000	30,000		30,000				30,000	
Title And Recording	36,000	36,000		36,000				36,000	
Total Const. Interest & Fees	\$368,455	\$368,455	\$0	\$368,455	\$0	\$0	\$0	368,455	0
PERMANENT FINANCING									
Loan Origination Fee- 0.5%	29,855	29,855		29,855				XXXXXXXX	XXXXXXXX
CSCDA App. Fees	30,000	30,000		30,000				XXXXXXXX	XXXXXXXX
Bond Counsel	55,000	55,000		55,000				XXXXXXXX	XXXXXXXX
CDLAC Fees	4,500	4,500		4,500				XXXXXXXX	XXXXXXXX
Total Perm. Financing Costs	\$119,355	\$119,355	\$0	\$119,355	\$0	\$0	\$0	XXXXXXXX	XXXXXXXX
LEGAL FEES									
Lender Legal Pd. by Applicant	45,000	45,000		45,000				45,000	
Other (Specify) Borrower Atty	80,000	80,000		80,000				80,000	
Total Attorney Costs	\$125,000	\$125,000	\$0	\$125,000	\$0	\$0	\$0	\$125,000	\$0
RESERVES									
Syndication Fees	0	0		0				XXXXXXXX	XXXXXXXX
Capitalized Rent Reserves								XXXXXXXX	XXXXXXXX
* 3-Month Operating Reserve	159,689	159,689		159,689				XXXXXXXX	XXXXXXXX
Total Reserve Costs	\$159,689	\$159,689	\$0	\$159,689	\$0	\$0	\$0	XXXXXXXX	XXXXXXXX
Total Appraisal Costs	\$10,000	\$10,000		\$10,000				\$10,000	

Note: Syndication Costs may not be included as a project cost. * Operating Reserve is required - Regulation Section 10327(c)(8)(C).



UMPQUA
B · A · N · K

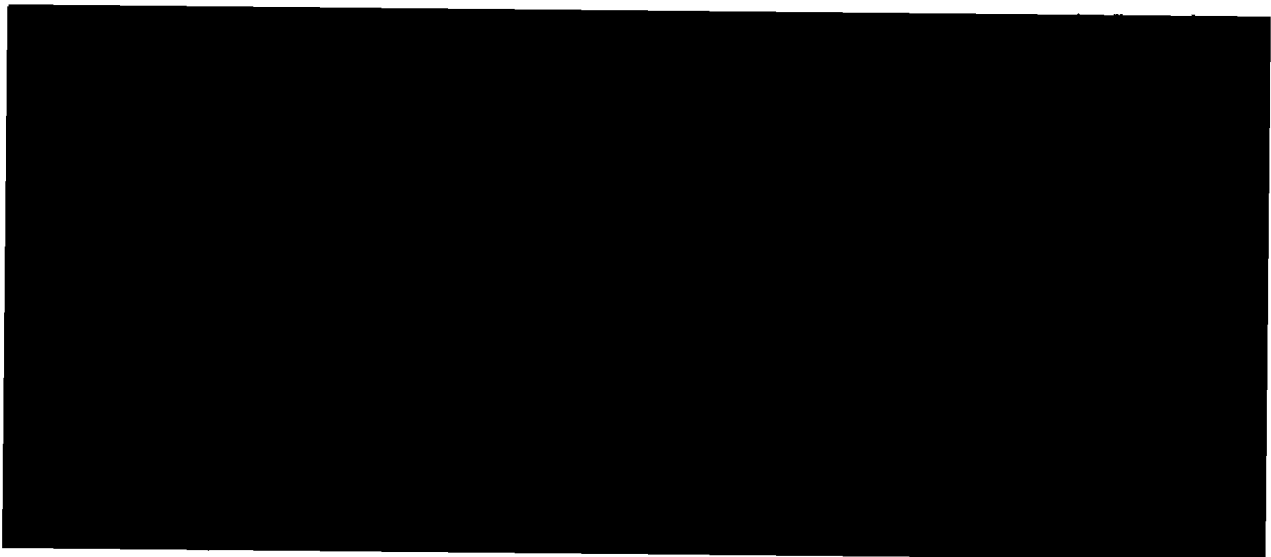
November 14, 2011

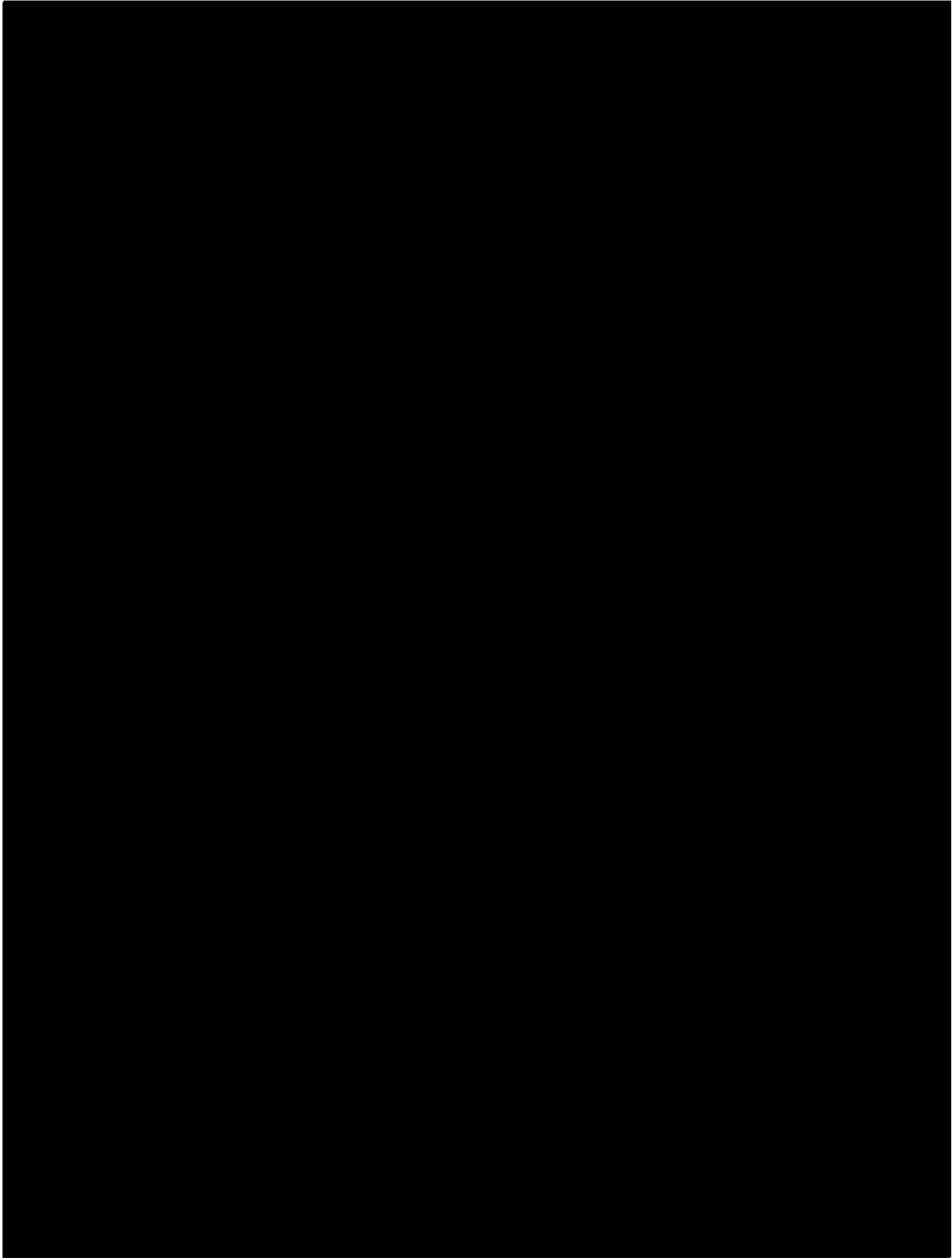
Paul Stamas
Ionic Enterprises, Inc.
3007 Douglas Blvd., Suite 170
Roseville, CA 95661

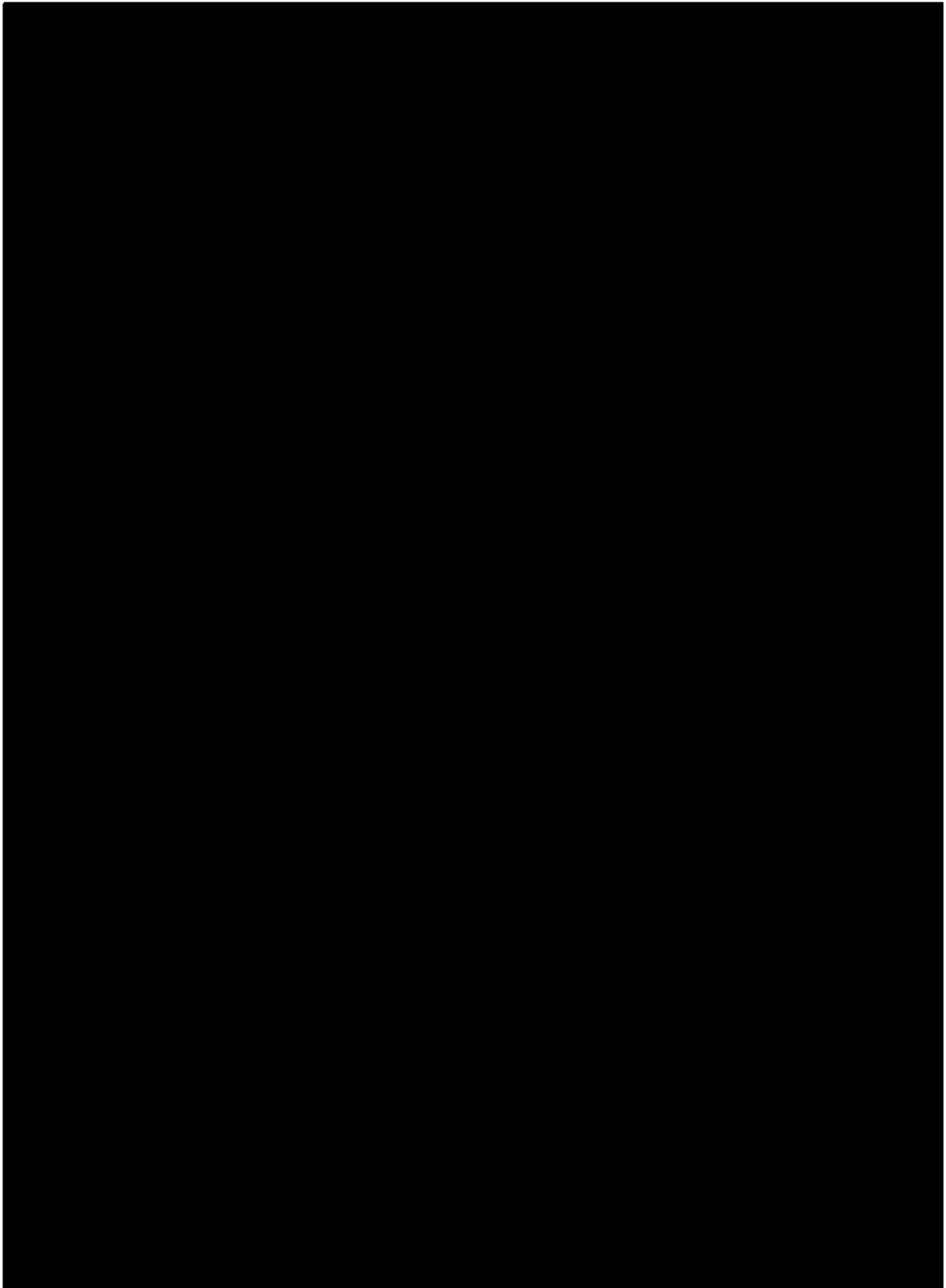
Re: Direct Purchase of Multifamily Housing Revenue Bonds in an amount not to exceed \$ [REDACTED] relating to a to be constructed 80-unit multifamily Project to be known as Cameron Park Seniors located in Cameron Park, CA (the "Property")

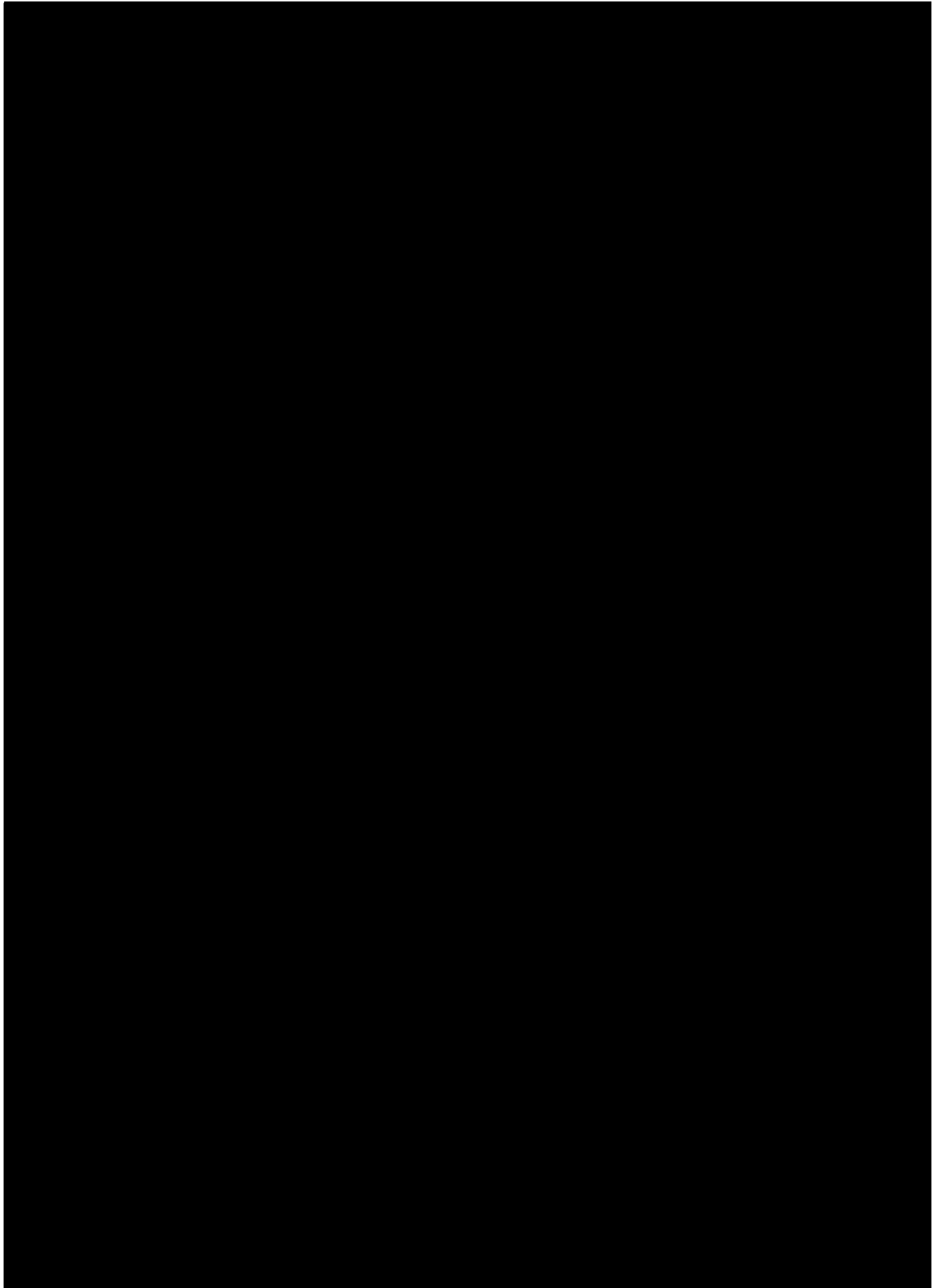
Dear Paul,

Umpqua Bank ("Umpqua") is pleased to offer construction and permanent financing for the Property to be formed single asset entity associated with Paul Stamas ("Borrower"), subject to the terms, requirements and conditions which follow. All capitalized terms used herein, unless otherwise defined, shall have the meaning set forth on Exhibit A annexed hereto and incorporated herein by this reference (the "Terms"). Umpqua's decision to make this offer was made in reliance upon the representations and material supplied by Borrower and Borrower's representatives. Umpqua understands that Borrower intends to submit this letter to the California Debt Limit Allocation Committee ("CDLAC") in support of Borrower's application to obtain a private activity bond allocation with respect to the financing of the Property.

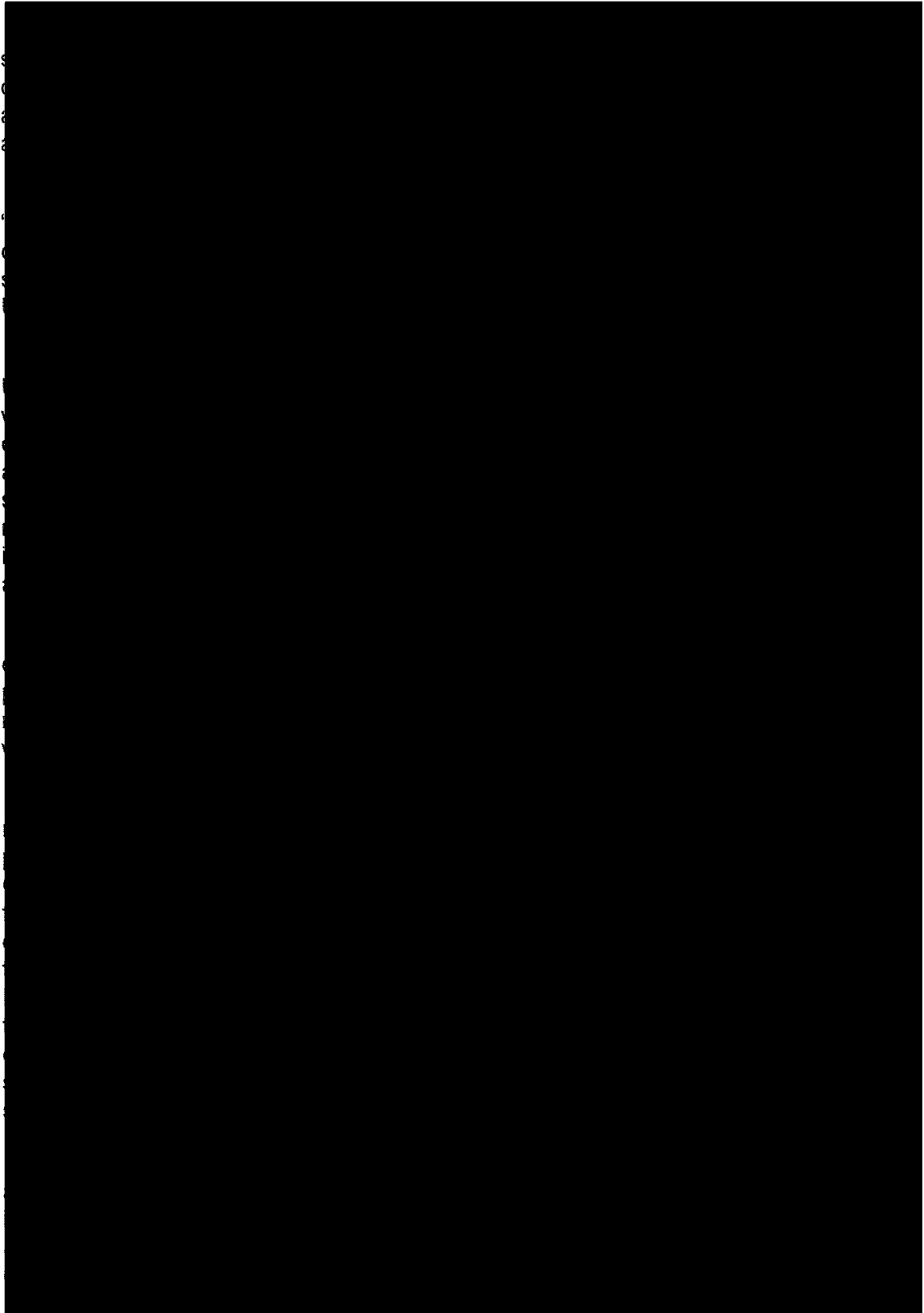


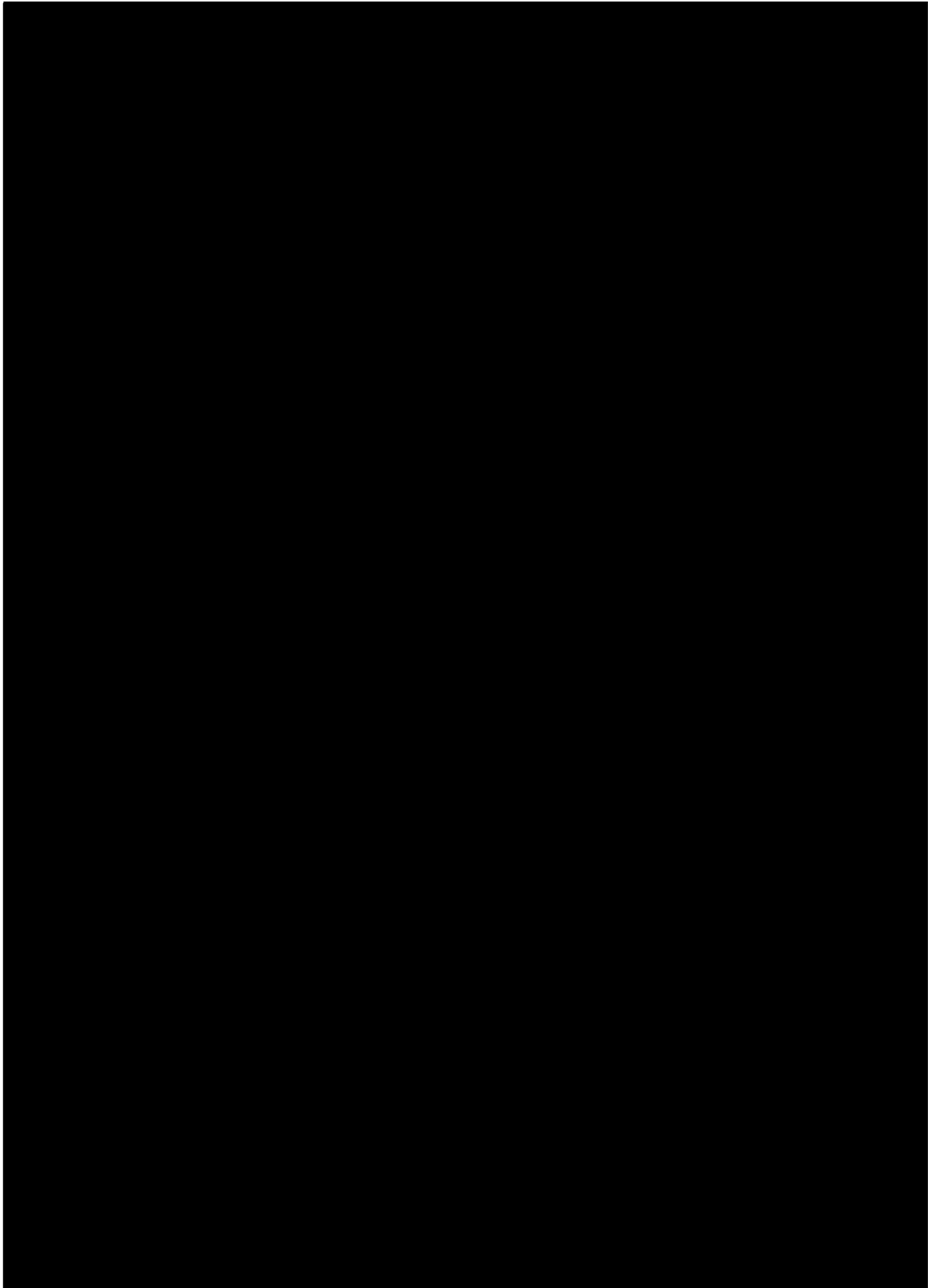


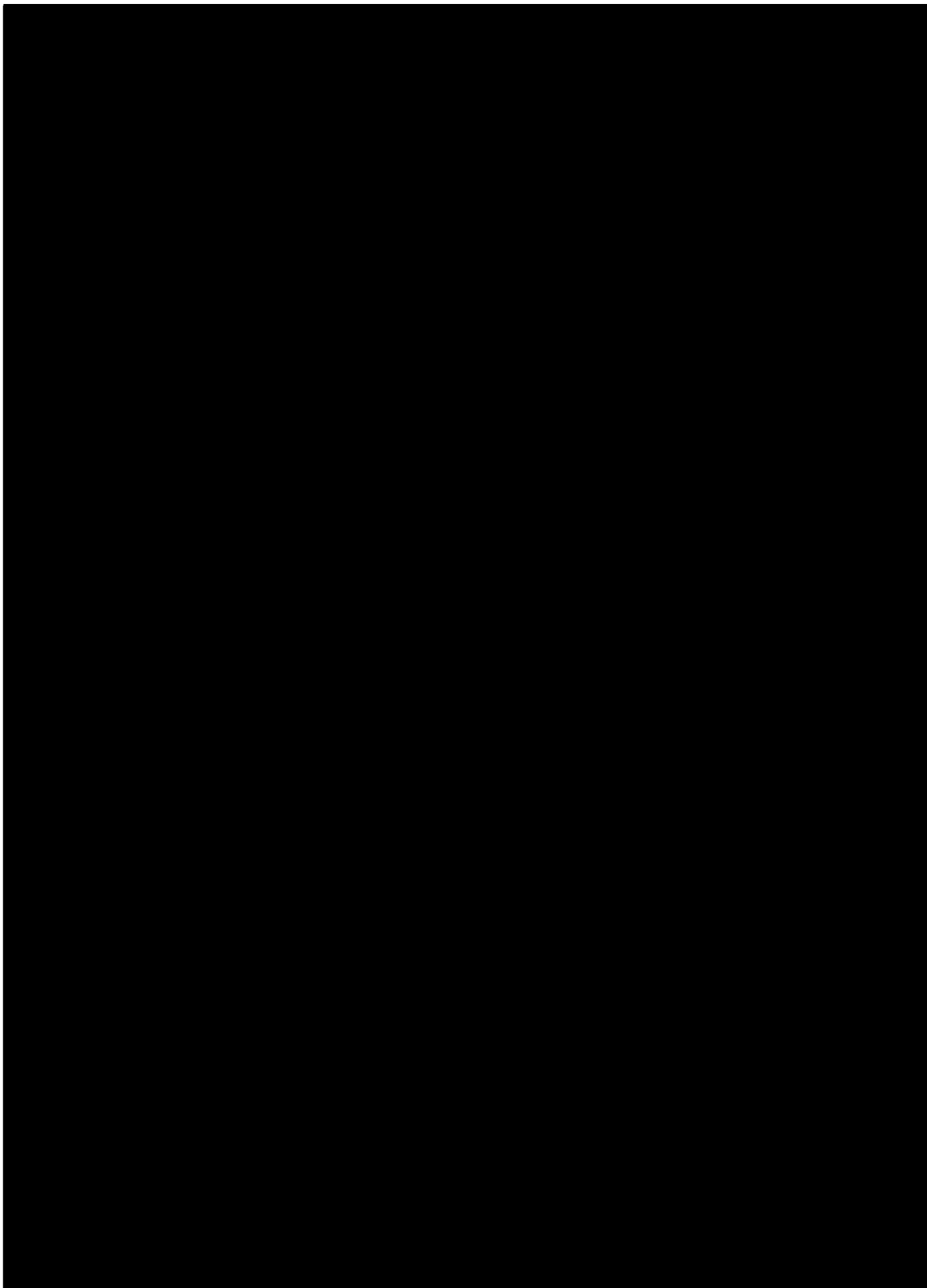


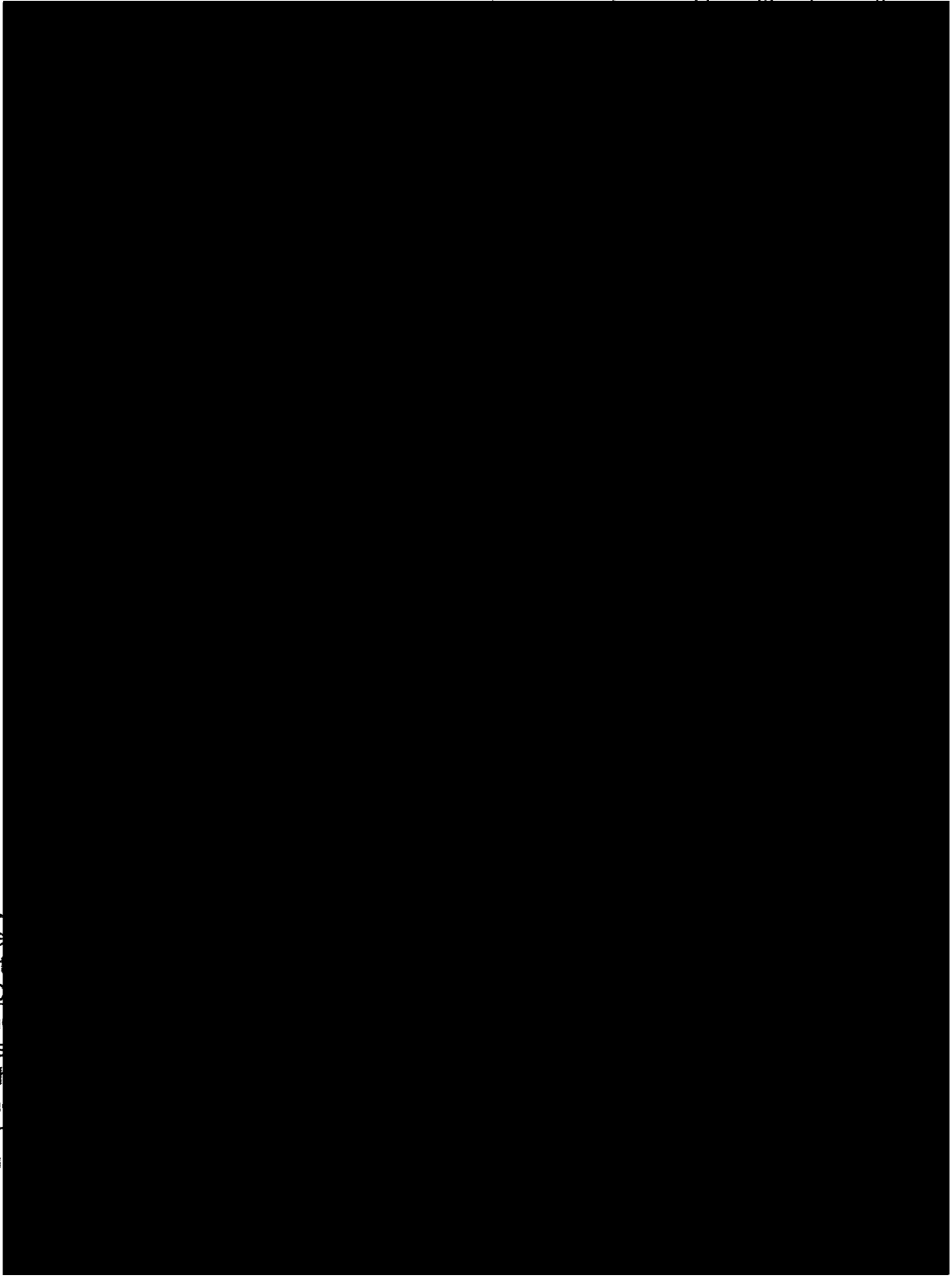




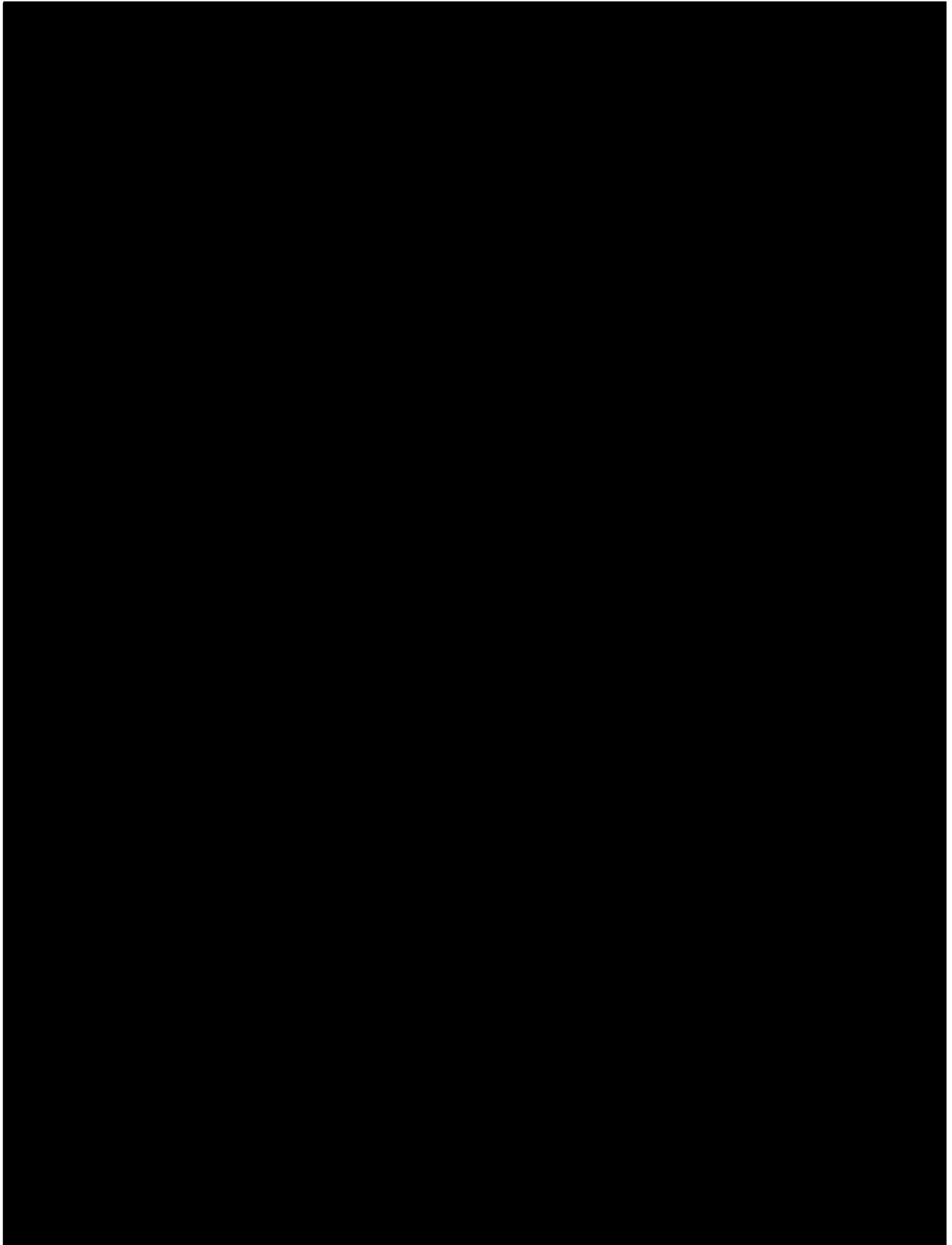


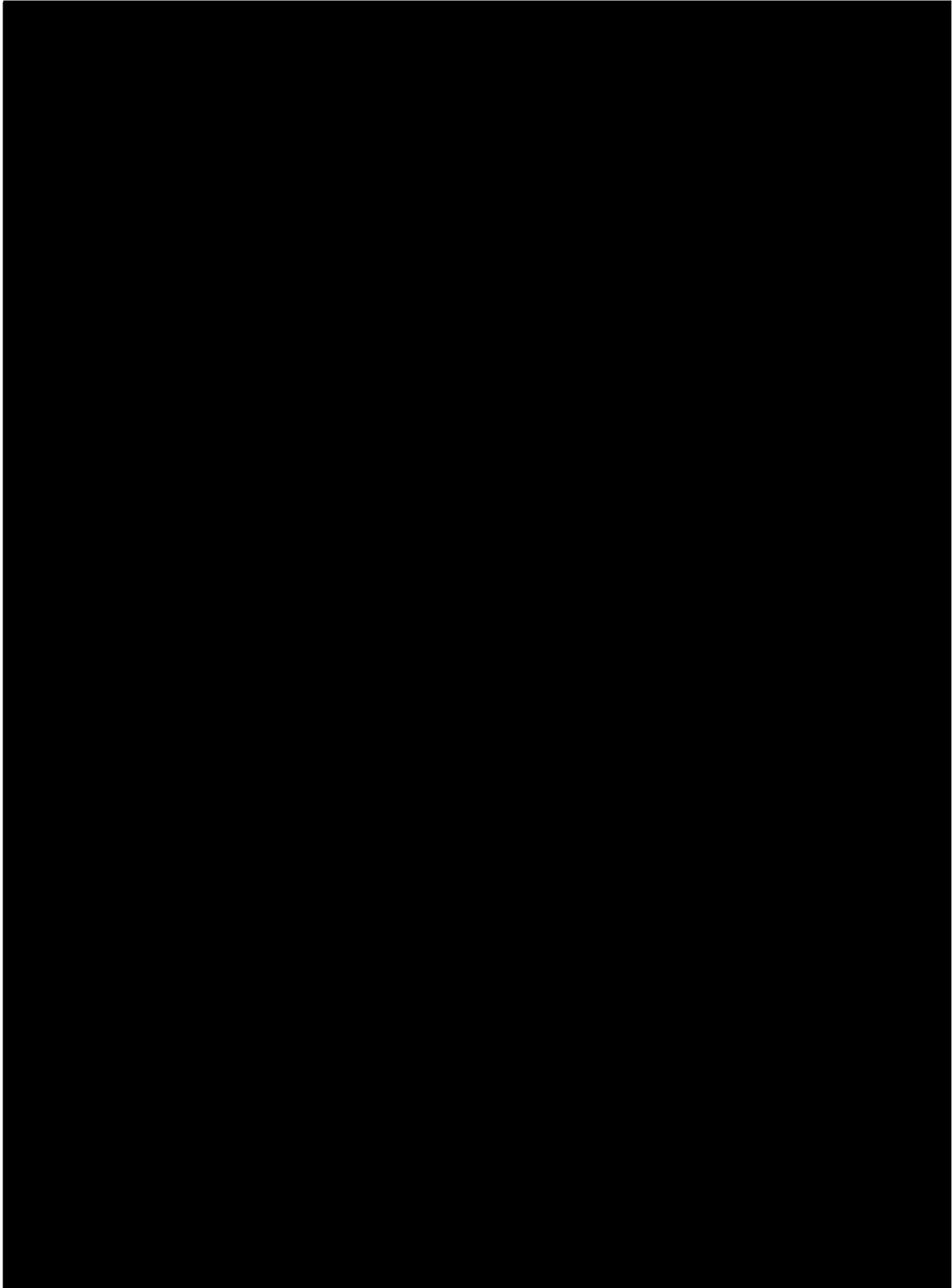


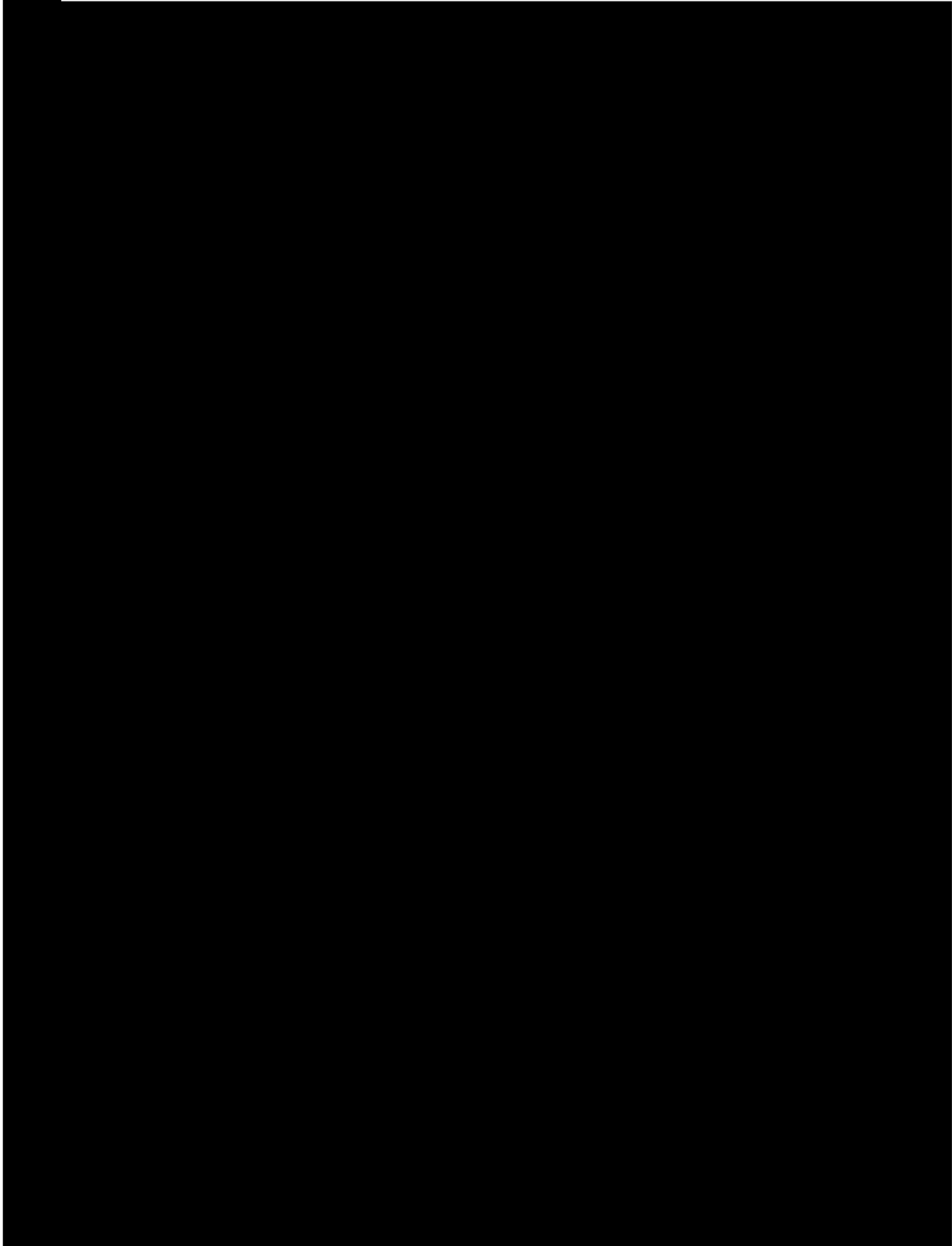


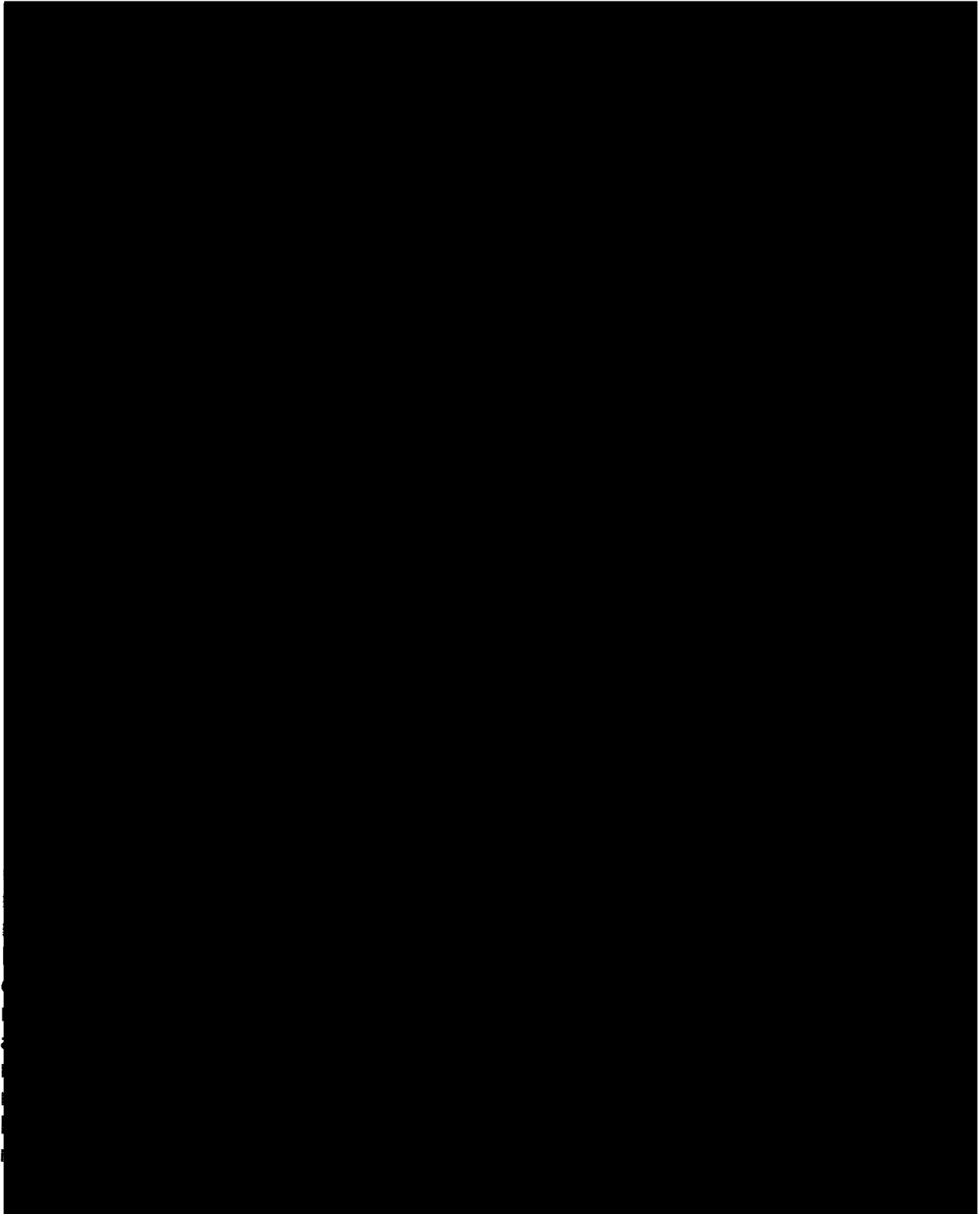


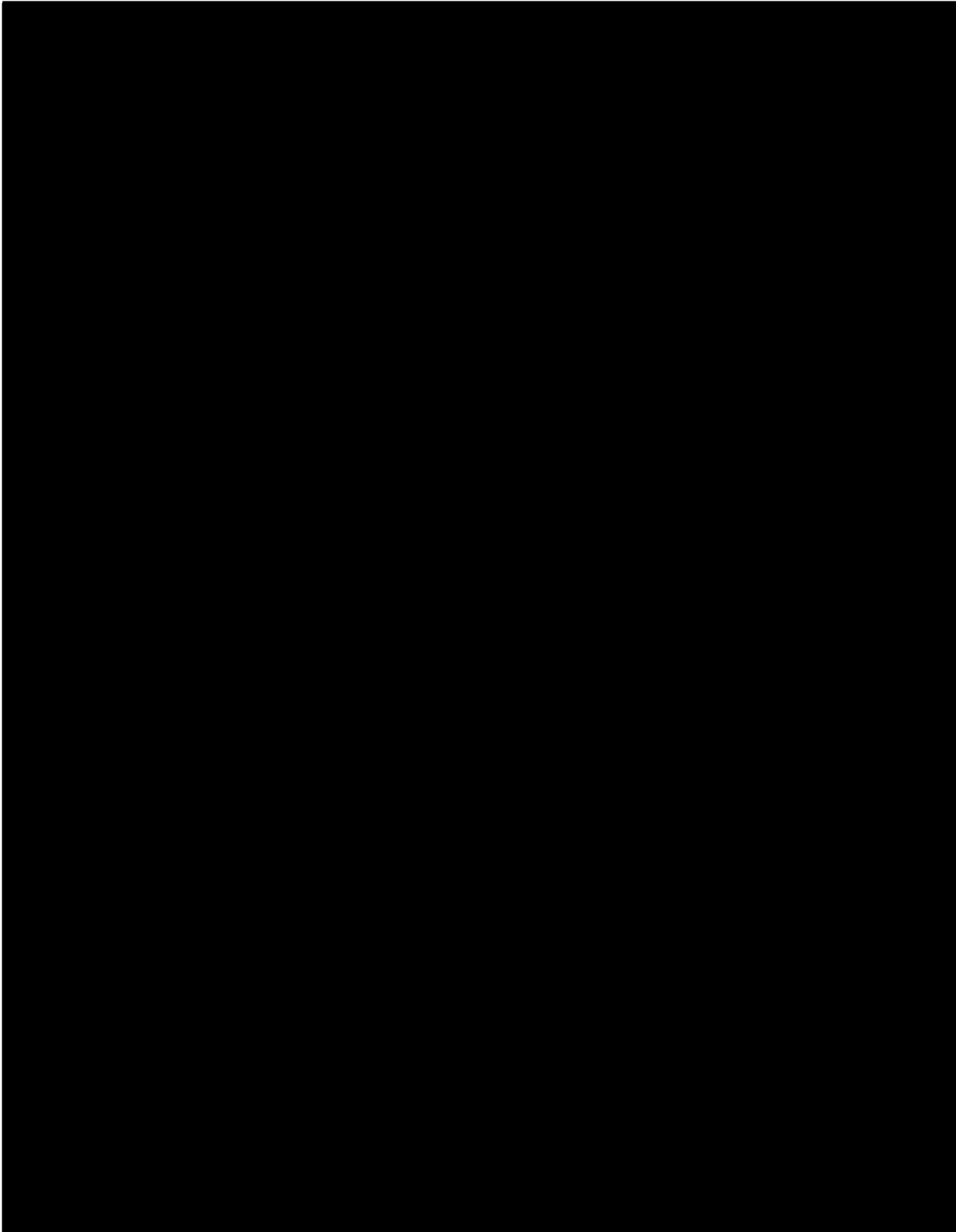
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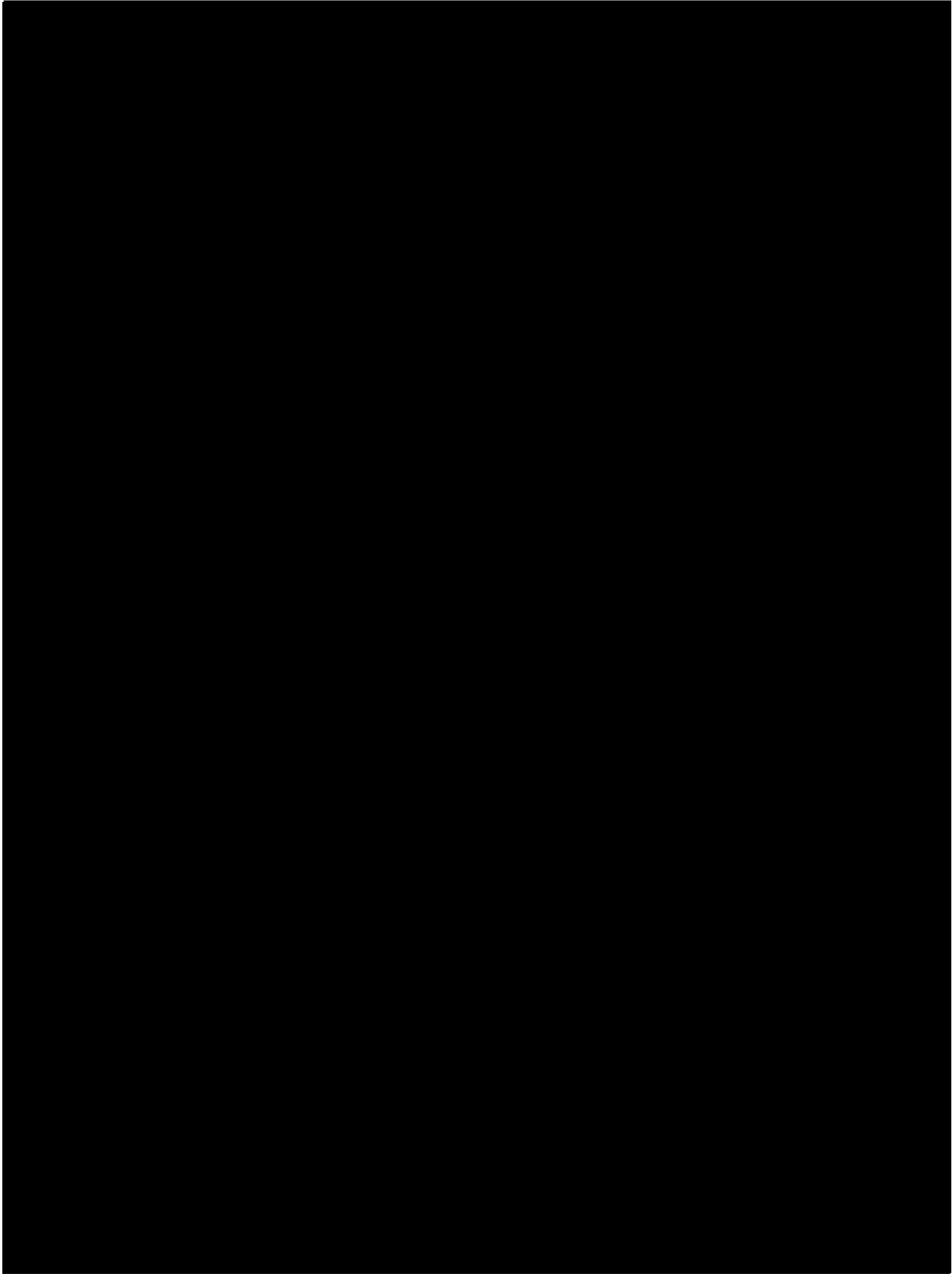


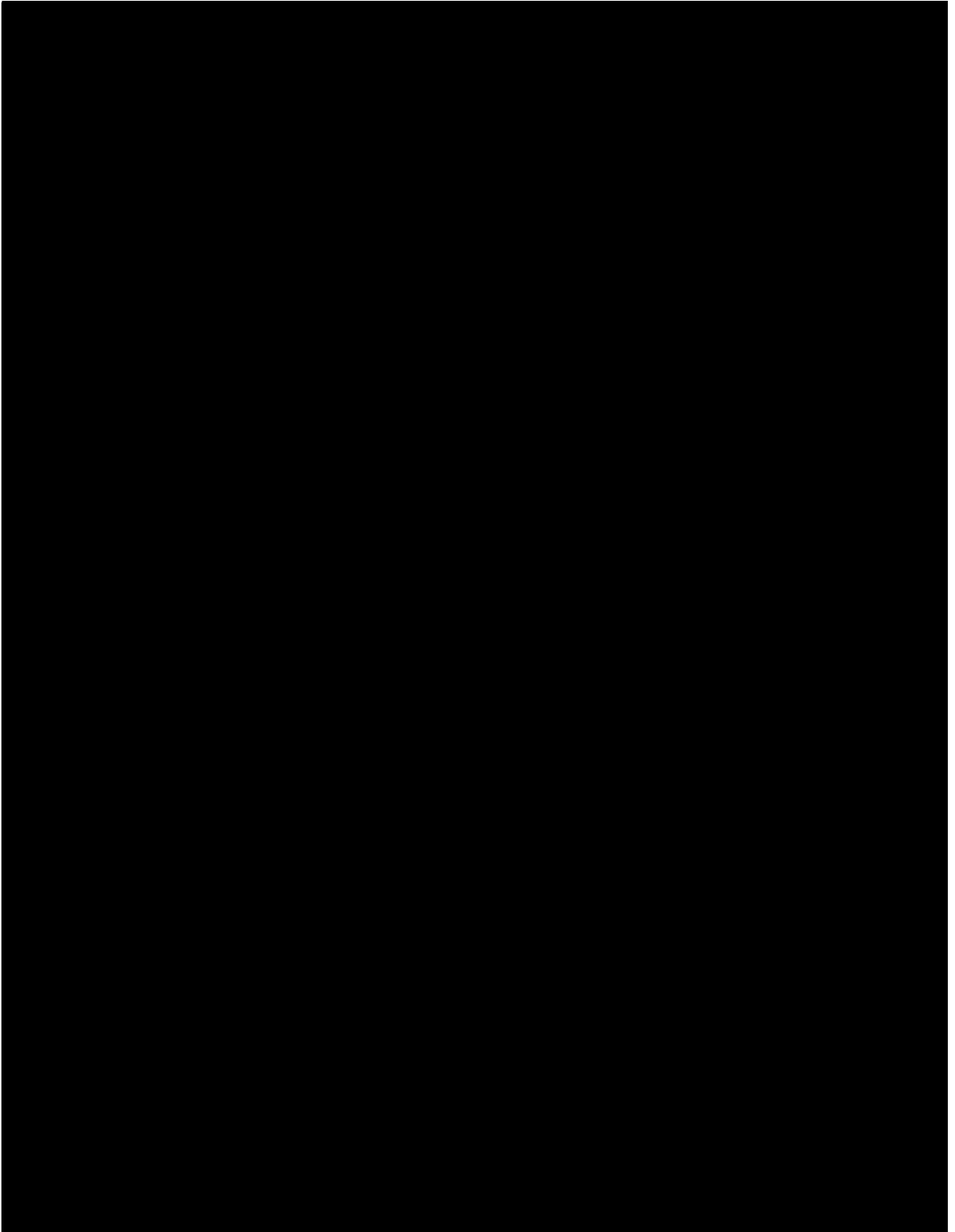




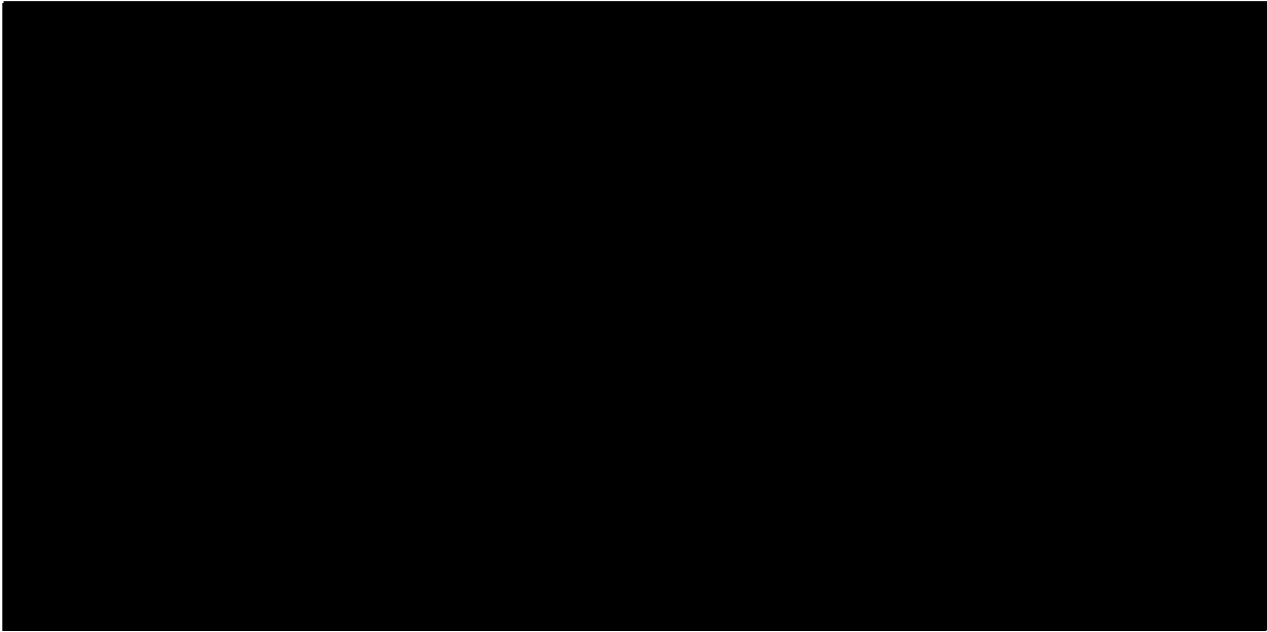








14. Confidentiality The provisions of this offer and all of the terms and conditions contained herein are confidential and Borrower shall not share this offer, or the terms and conditions contained herein, with any third party; provided however, Borrower may show this offer to the bond issuer in connection with its application for issuance of the Bonds. **This confidentiality provision shall survive the rescission or expiration of this offer.**

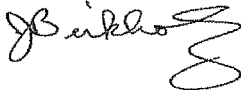


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If you have any questions relating to this Commitment, or if we can be of any further assistance, please do not hesitate to let us know.

Sincerely,

UMPQUA BANK



Jeff Birkholz
Senior Vice President

The undersigned hereby accepts the foregoing Commitment and agrees to be bound by the terms, requirements and conditions set forth herein.

Date: _____

BORROWER:

Cameron Park Seniors

By: _____
Paul Z. Stamas, General Partner

GUARANTORS:

Paul Z. Stamas

The Stamas Family 2000 Revocable Trust

By _____

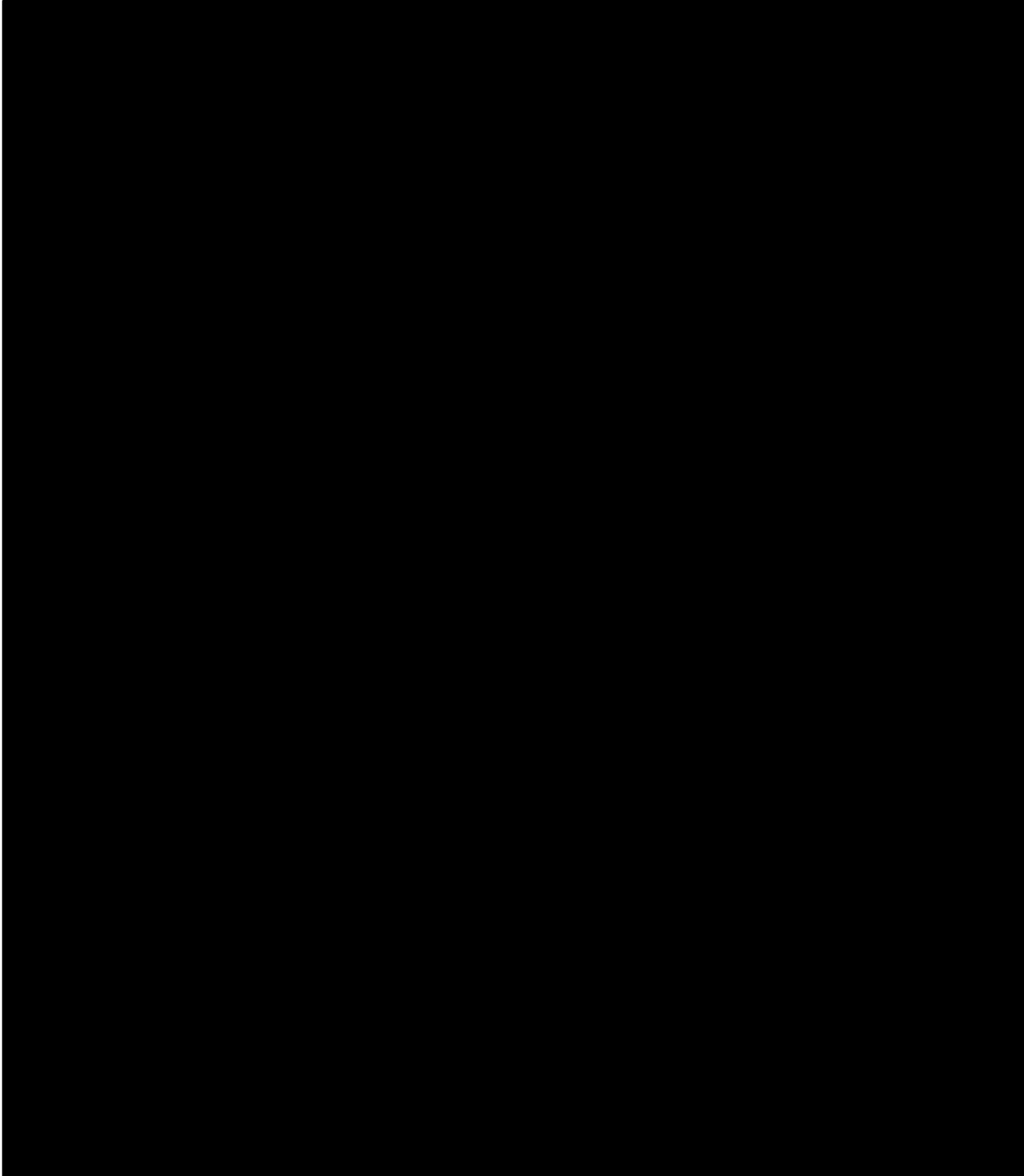
Paul Z. Stamas

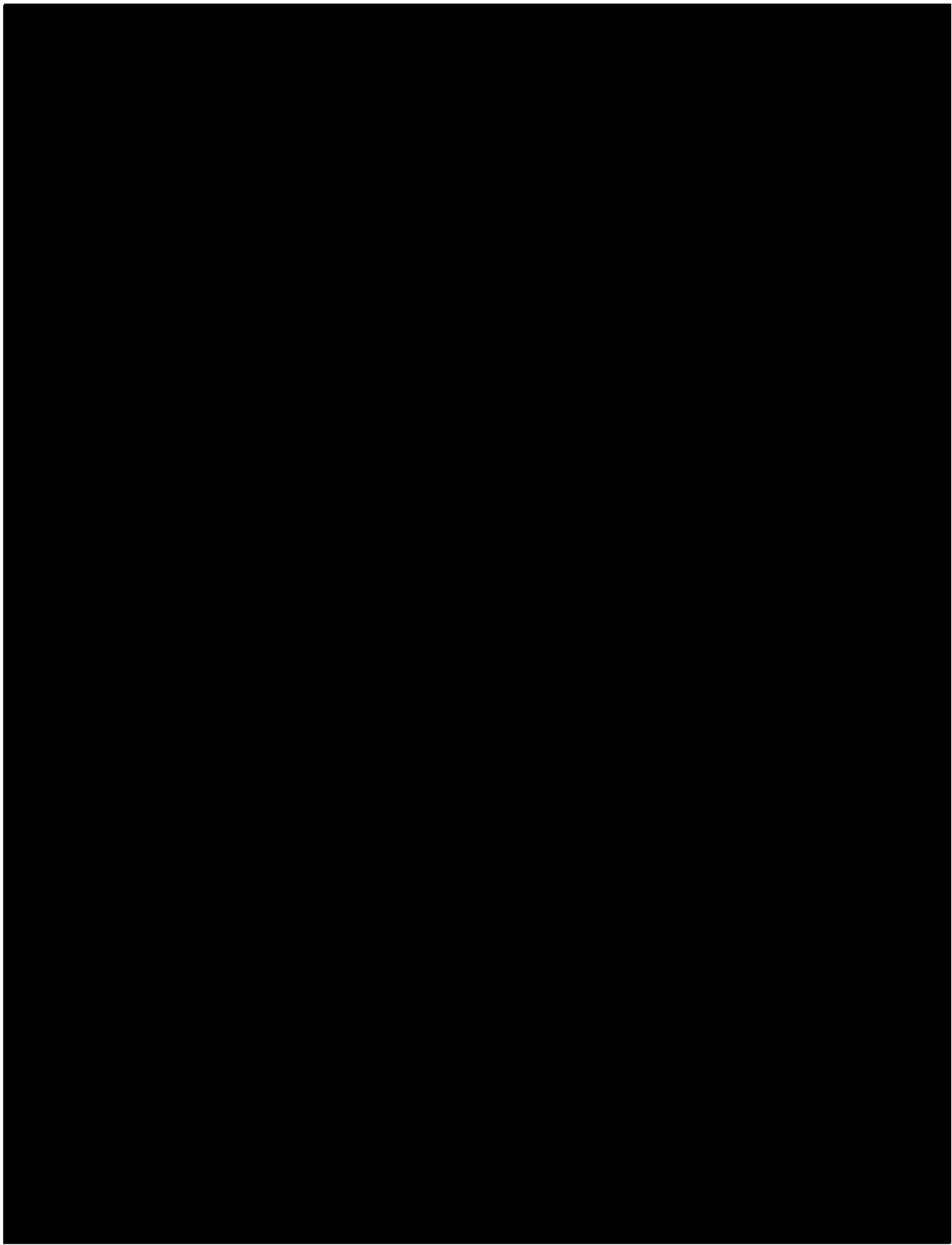
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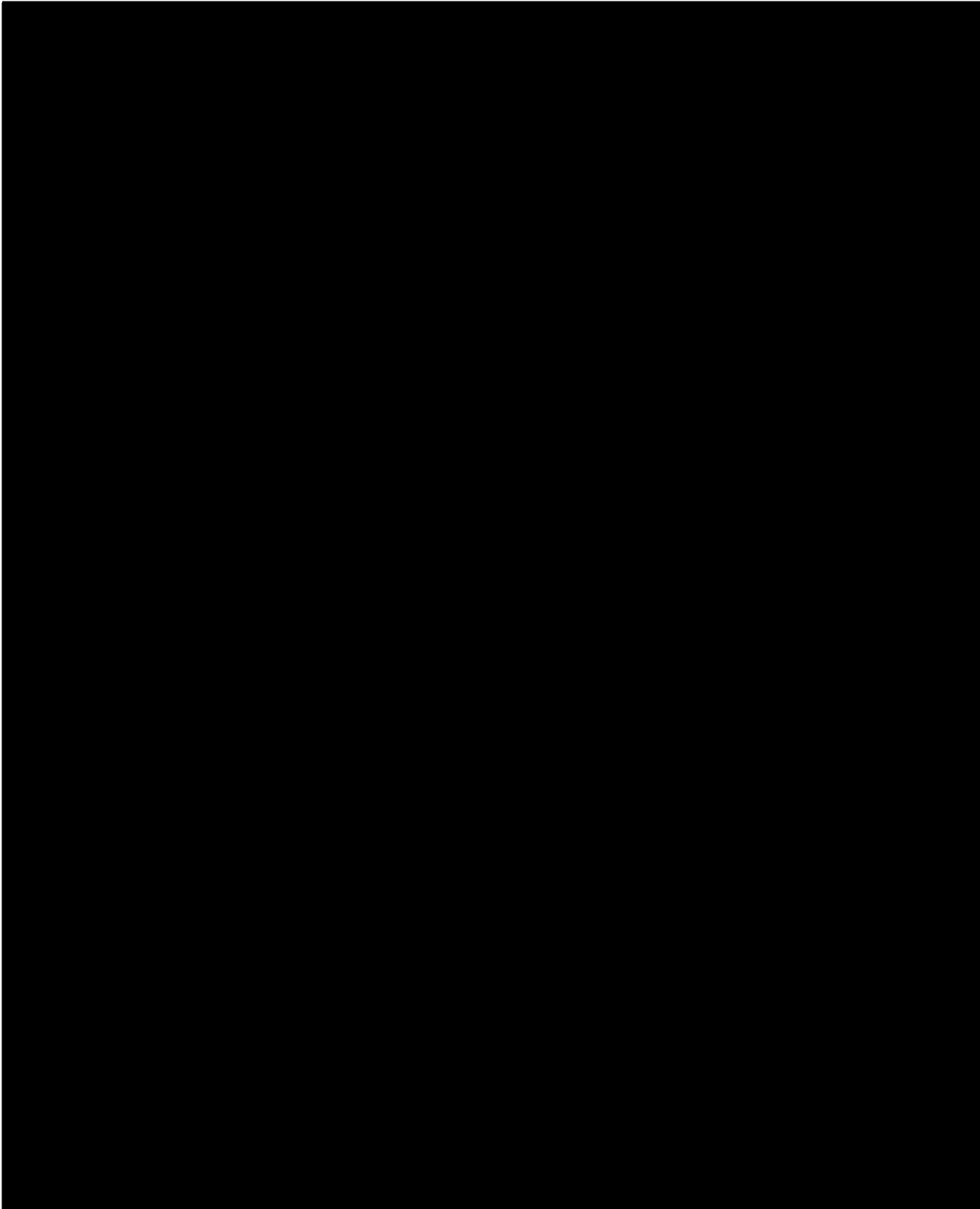
Paul Z. Stamas

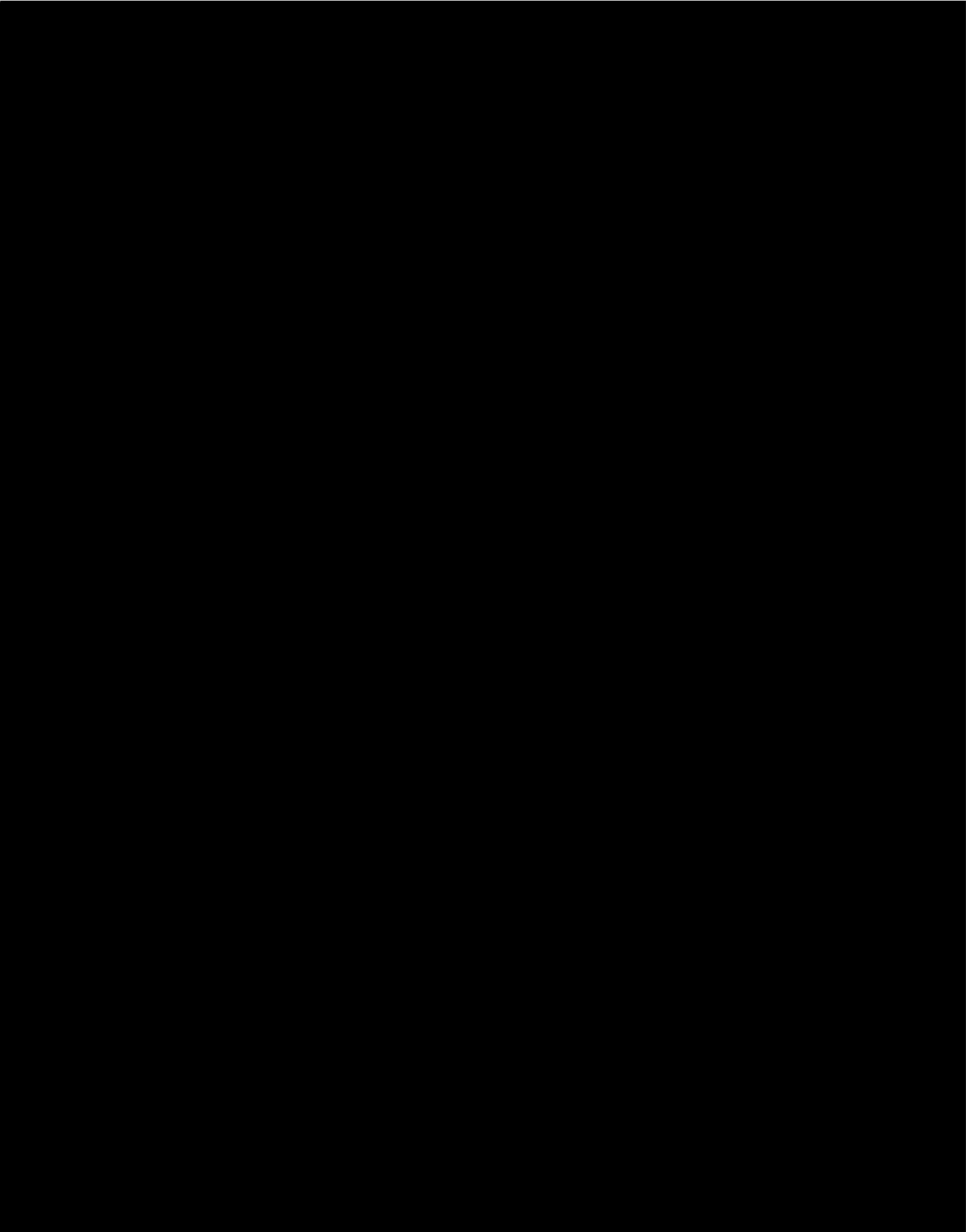
EXHIBIT A

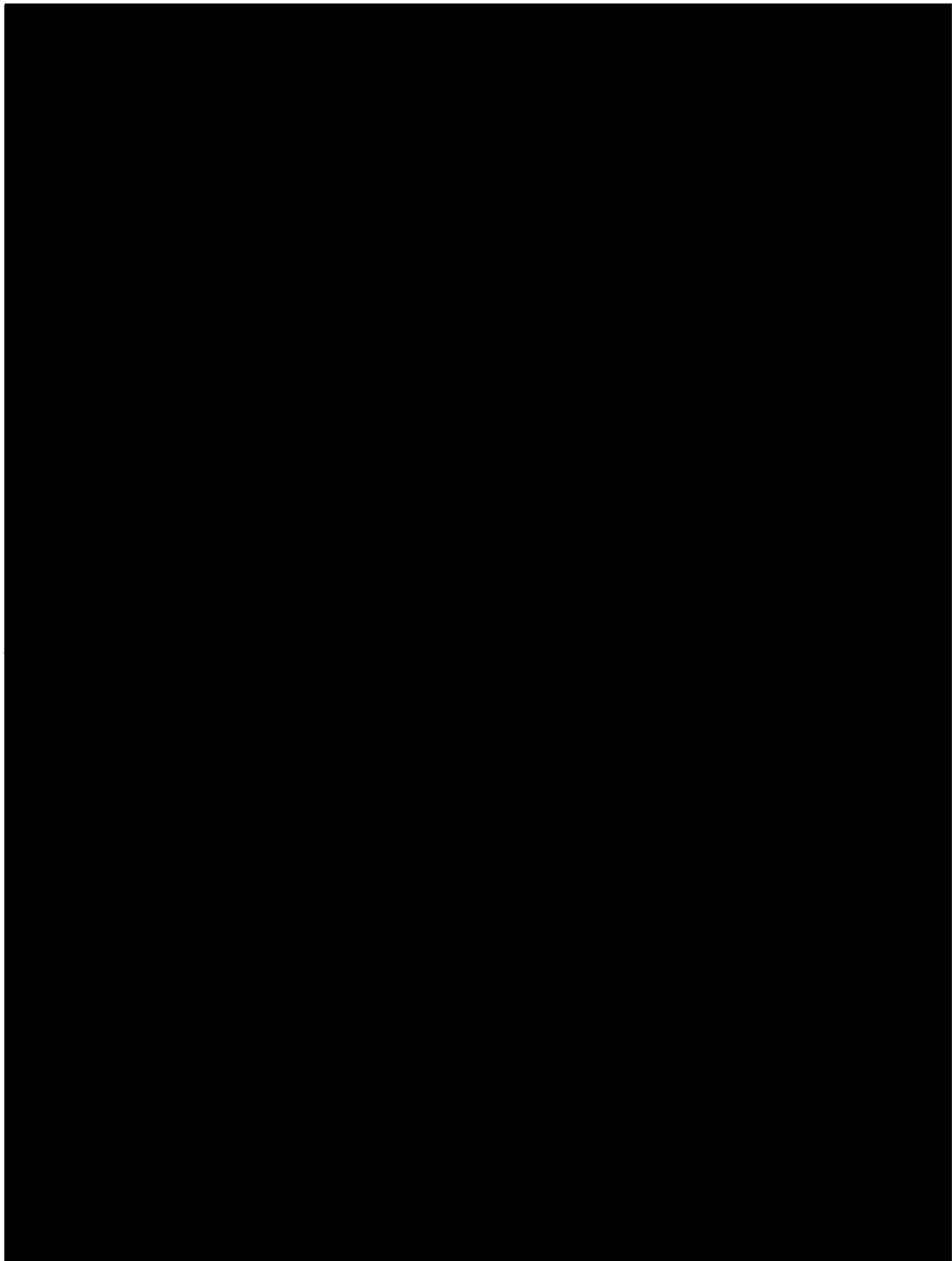
COMMITMENT TERMS

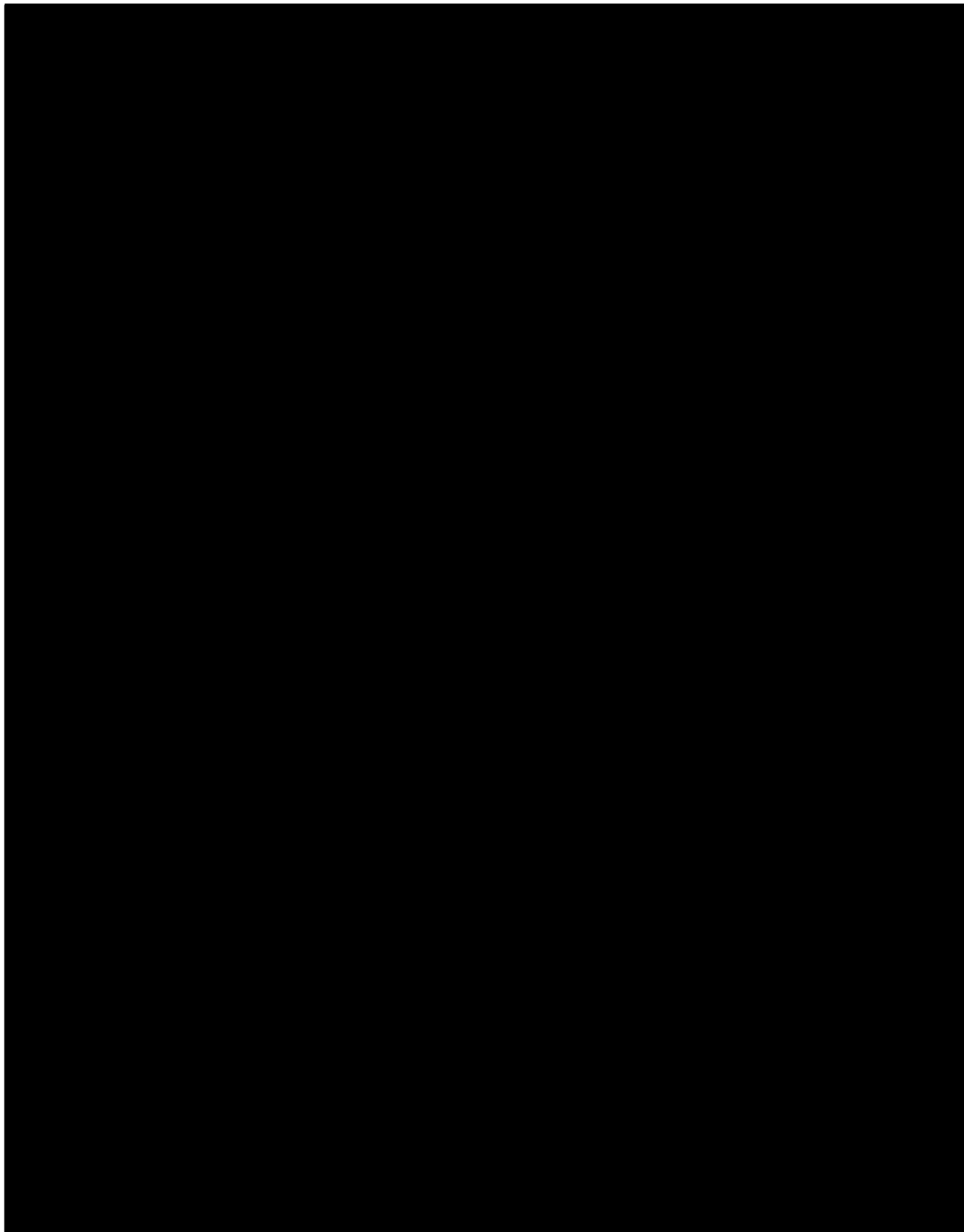


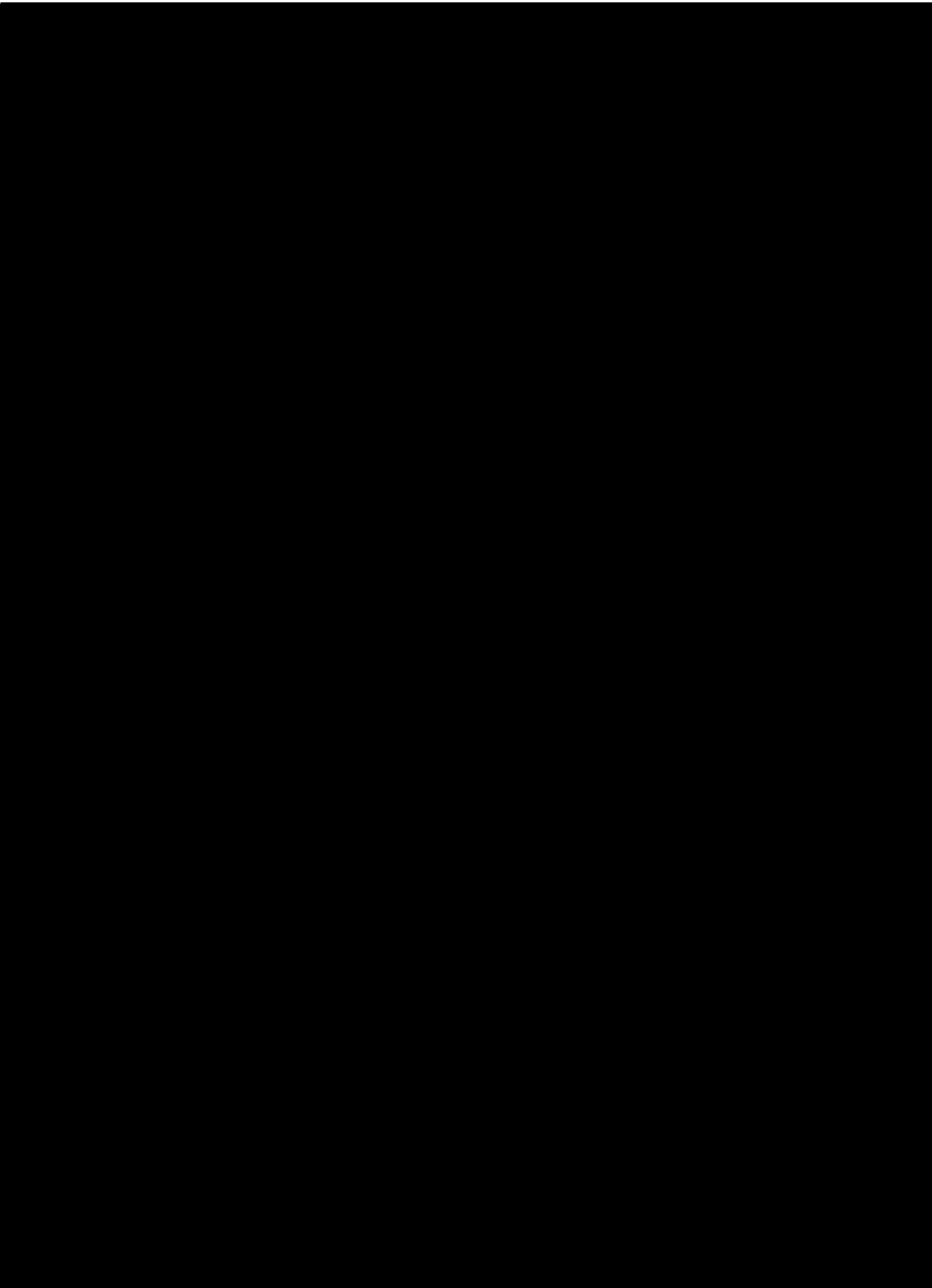


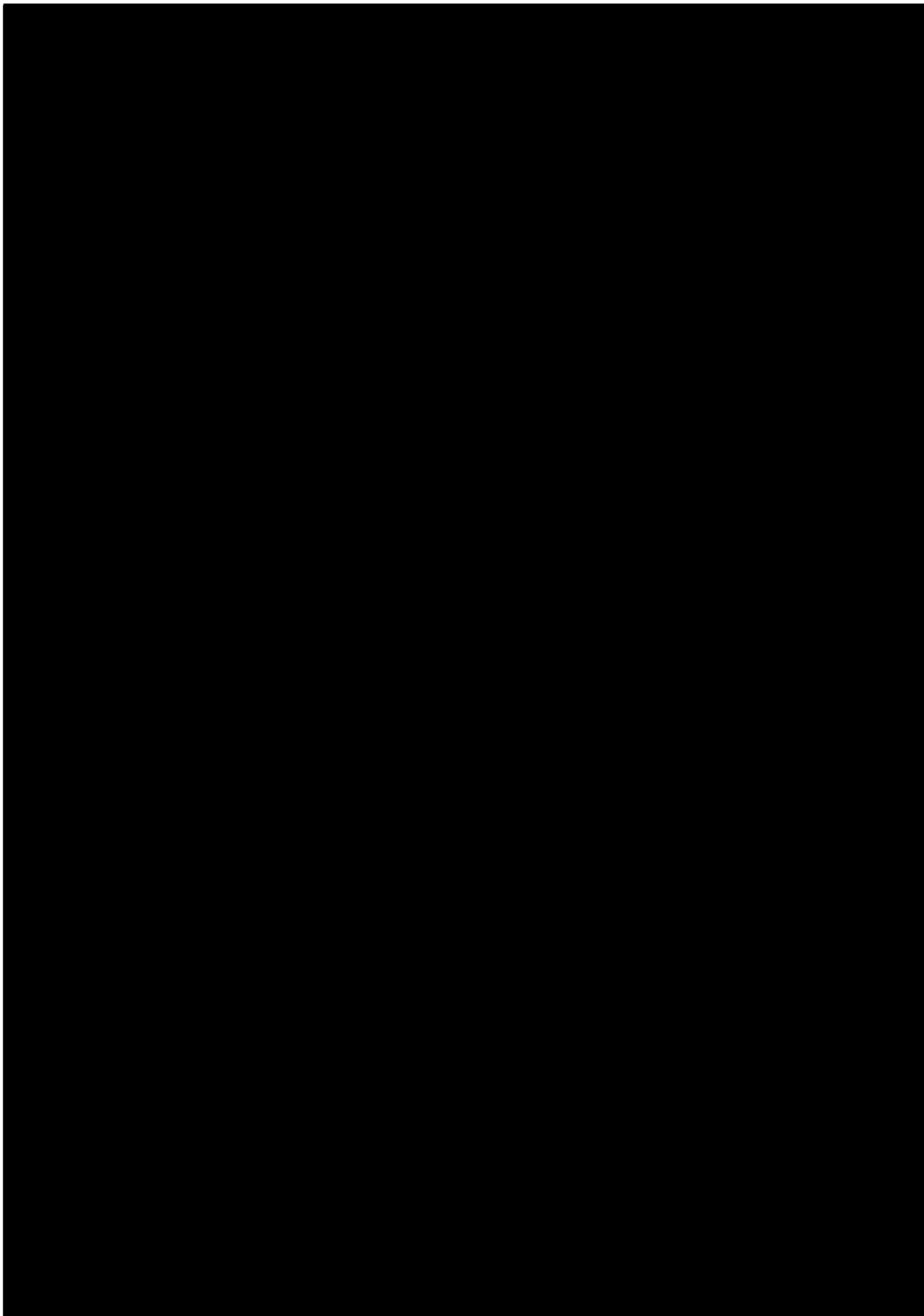


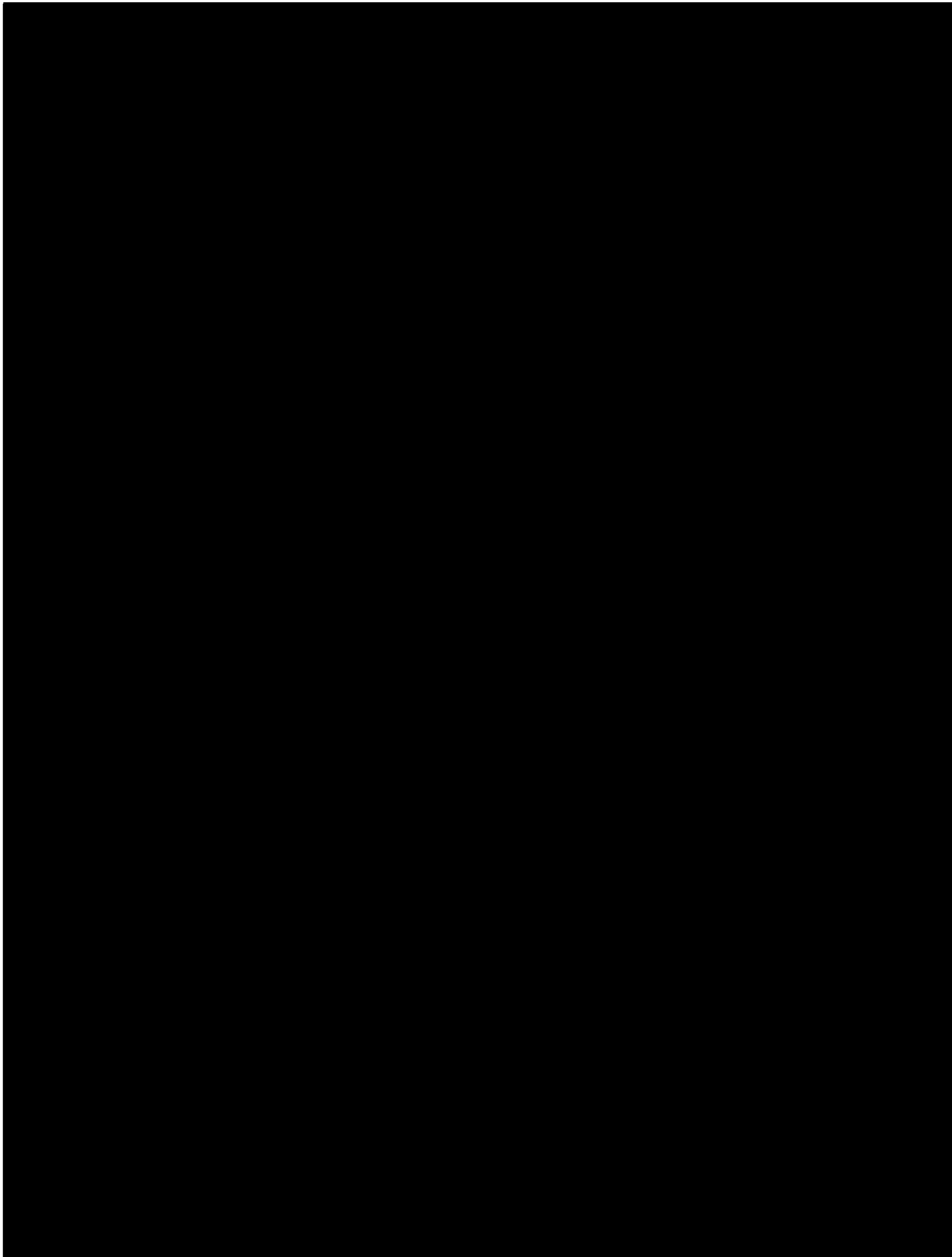


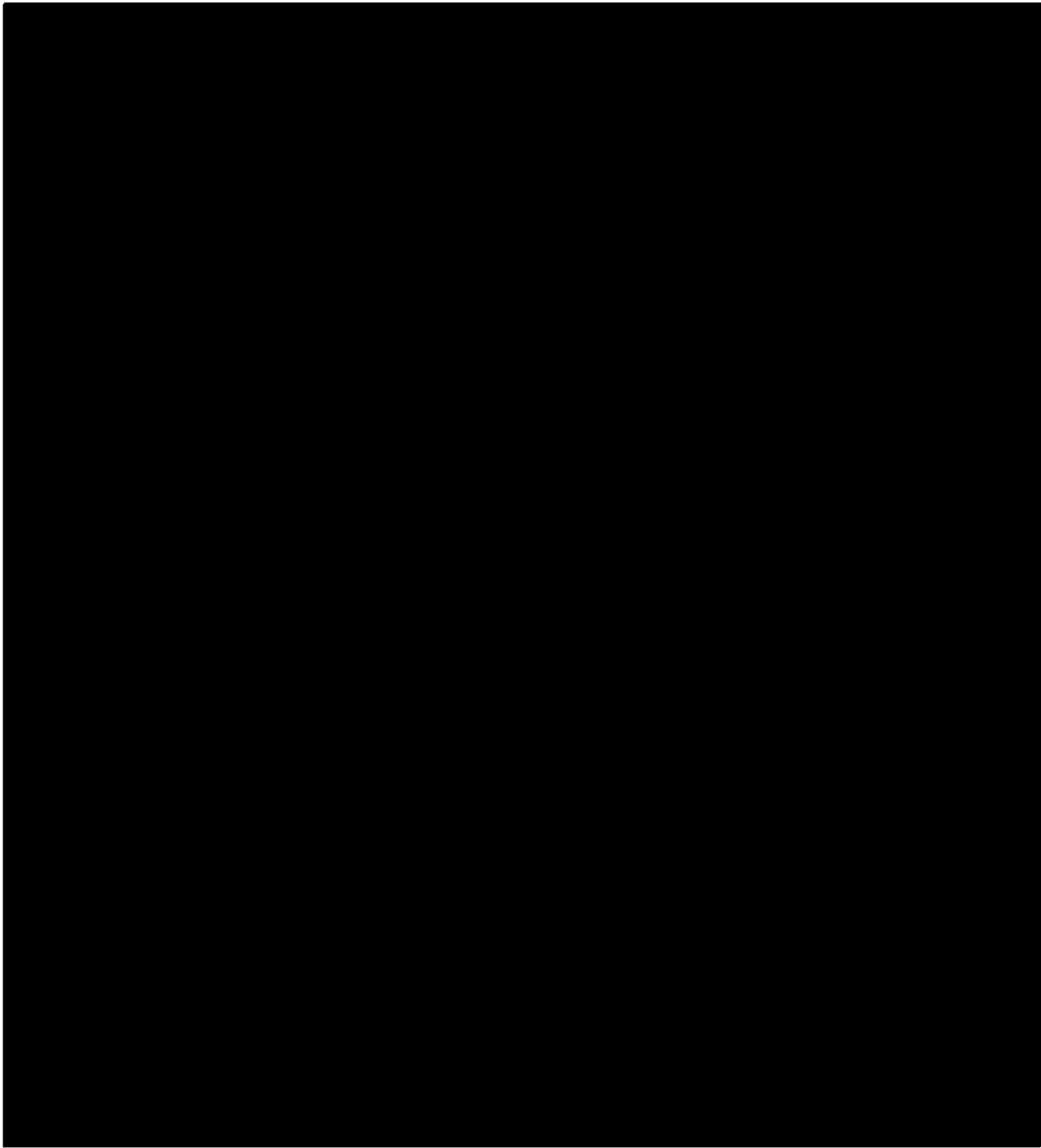


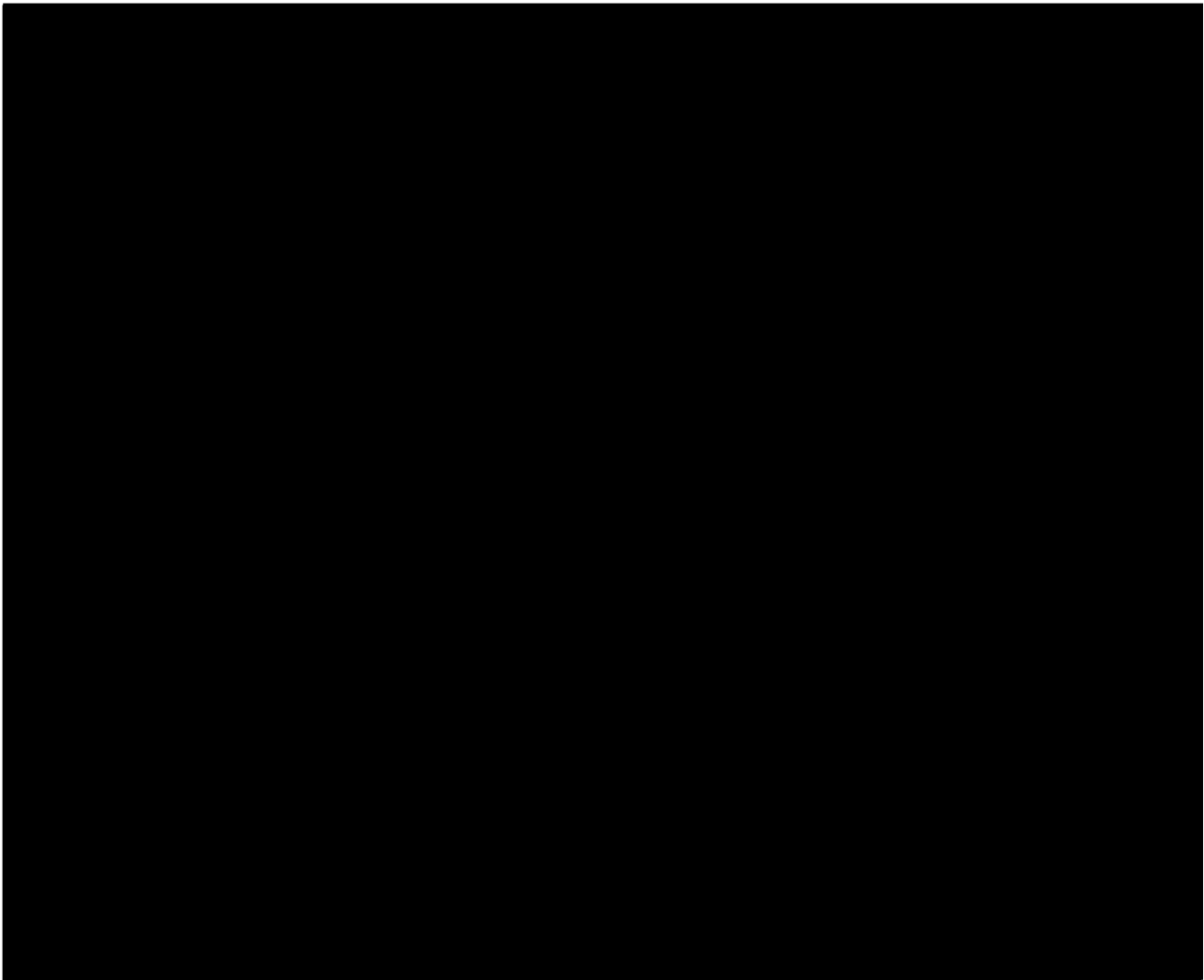












PROPOSED RENT LIMITATION AGREEMENT

Patrick R. Sabelhaus
Joel A. Rice
Stephen A. Strain

Law Offices
of
PATRICK R. SABELHAUS
1006 Fourth Street, Sixth Floor
Sacramento, CA 95814

(916) 444-0286
Fax (916) 444-3408
E-Mail: pat@sabelhauslaw.com

January 9, 2012

Shawna L. Purvines, Senior Planner
Development Services
El Dorado County
2850 Fairlane Court, Building C
Placerville, CA 95667

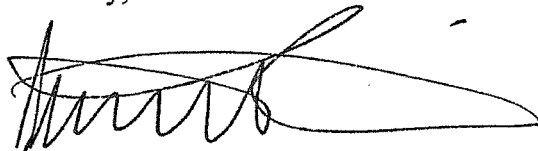
**Re: North of Green Valley Road, between Hastings Drive and Starbuck Road
Cameron Park, California
APN 102-421-01-100, 102-421-14-100 and 102-110-24-100**

Dear Ms. Purvines:

My office represents Cameron Park Seniors, LP, a California limited partnership in regard to its development of an 80-unit senior multifamily affordable rental project on the above referenced property (the "Project"). They have requested we issue this letter to explain and confirm the affordability restrictions that the Project will be subject to so that it will be exempted from payment of Traffic Impact Mitigation Fees. Our client will be financing the Project in part with low-income housing tax credits awarded by the California Tax Credit Allocation Committee (CTCAC) and as a condition of such financing will be required to enter into and record against the property a regulatory agreement restricting rental of the of the units to tenants with incomes ranging between 50% and 60% of the area median income or less for a period of 55 years when the project is placed in service. I have attached excerpts from the CTCAC Regulations evidencing this requirement as well as an example of the form of regulatory agreement that will be required as the actual Project specific agreement will not be available until the Project is complete.

I appreciate the opportunity to address this issue. Please contact me if I can provide additional information that would be helpful or to discuss further.

Sincerely,



Stephen A. Strain

Cc: Cameron Park Seniors, LP, a California limited partnership

- (G) Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 10 units. To the extent that tenants will be charged for the use of central laundry facilities, washers and dryers must be excluded from eligible basis. If no centralized laundry facilities are provided, washers and dryers shall be provided in each unit, subject to the further provision that gas connections for dryers shall be provided where gas is otherwise available at the property;
- (H) Dishwashers shall be provided in all units unless a waiver is granted by the Executive Director because of planning or financial impracticality;
- (I) Projects are subject to a minimum low-income use period of 55 years.

(2)

Senior projects. To be considered senior housing, the application shall meet the following additional threshold requirements:

- (A) All units shall be restricted to households eligible under the provisions of California Civil Code 51.3 (except for projects utilizing federal funds whose programs have differing definitions for senior projects), and further be subject to state and federal fair housing laws with respect to senior housing;
- (B) The project shall be on a suitable site. Access to basic services shall be available by other than resident-owned transportation;
- (C) Projects over two stories shall have an elevator;
- (D) No more than twenty percent (20%) of the low-income units in the project shall be larger than one-bedroom units, unless waived by the Executive Director, when supported by a full market study. One larger unit may be included for use as a manager's unit without a waiver;
- (E) One-bedroom units must include at least 500 square feet and two-bedroom units must include at least 750 square feet of living space. These limits may be waived for rehabilitation projects, at the discretion of the Executive Director;
- (F) For projects receiving Tax Credits after 2000, emergency call systems shall only be required in units intended for occupancy by frail elderly populations requiring assistance with activities of daily living, and/or applying as special needs units. When required, they shall provide 24-hour monitoring, unless an alternative monitoring system is approved by the Executive Director;
- (G) Common area(s) shall be provided on site, or within approximately one-half mile of the subject property. For purposes of this part, common areas shall be allowed to include all interior common areas, such as the rental office and meeting rooms, but shall not include laundry rooms or manager living units, and shall meet the following size requirement: projects comprised of 30 or less total units, at least 600 square feet; projects from 31 to 60 total units, at least 1,000 square feet; projects from 61 to 100 total units, at least 1,400 square feet; projects over 100 total units, at least 1,800 square feet. Small developments of 20 units or fewer are exempt from this requirement;
- (H) A public agency shall provide direct or indirect long-term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at least thirty percent (30%) of the total project development costs;
- (I) Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 units. To the extent that tenants will be

charged for the use of central laundry facilities, washers and dryers must be excluded from eligible basis. If no centralized laundry facilities are provided, washers and dryers shall be provided in each of the units subject to the further provision that gas connections for dryers shall be provided where gas is otherwise available at the property;

(J)

Projects are subject to a minimum low-income use period of 55 years.

- (3) SRO projects. To be considered Single Room Occupancy (SRO) housing, the application shall meet the following additional threshold requirements:
- (A) Average income is no more than forty percent (40%) of the area median income;
 - (B) SRO units are efficiency units that may include a complete private bath and kitchen but generally do not have a separate bedroom, unless the configuration of an already existing building being proposed to be used for an SRO dictates otherwise. The maximum size for an SRO unit shall be 500 square feet. At least 90% of the units in the project must meet these requirements;
 - (C) At least one bath shall be provided for every eight units;
 - (D) If the project does not have a rental subsidy committed, the applicant shall demonstrate that the target population can pay the proposed rents. For instance, if the target population will rely on General Assistance, the applicant shall show that those receiving General Assistance are willing to pay rent at the level proposed;
 - (E) The project configuration, including community space and kitchen facilities, shall meet the needs of the population;
 - (F) A public agency shall provide direct or indirect long-term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at least thirty percent (30%) of the total project development cost;
 - (G) Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 units;
 - (H) Projects are subject to a minimum low-income use period of 55 years;
 - (I) A ten percent (10%) vacancy rate shall be used unless otherwise approved by the Executive Director. Justification of a lower rate shall be included;
 - (J) A signed contract or memorandum of understanding between the developer and the service provider, together with the resolution of the service provider, must accompany the Tax Credit application;
 - (K) A summary of the experience of the developer and the service provider in providing for the population to be served must accompany the Tax Credit application; and,
 - (L) New construction projects for seniors shall not qualify as Single Room Occupancy housing.
- (4) Special Needs projects. To be considered Special Needs housing, at least 50% of the Tax Credit units in the project shall serve populations that meet one of the following: are developmentally disabled, are survivors of physical abuse, are homeless, have chronic illness, including HIV and mental illness, are displaced teenage parents (or expectant

all the conditions under which the reservation of Tax Credits was made; certify to the Committee that the Tax Credits allocated will be claimed; and, execute a regulatory agreement for the project.

If the Committee cancels a Credit because of misrepresentation by the applicant either before or after an allocation is made, the performance deposit is not refundable. If the project is completed, but does not become a qualified low-income housing project, the performance deposit is not refundable.

- (4) Appeals. An applicant may appeal the forfeiture of a performance deposit, by submitting in writing, a statement as to why the deposit should be refunded. The appeal shall be received by the Committee not later than seven (7) calendar days after the date of mailing by the Committee of the action from which the appeal is to be taken. The Executive Director shall review the appeal, make a recommendation to the Committee, and submit the appeal to the Committee for a decision.
- (f) Compliance monitoring fee. The Committee shall charge a \$410 per low-income unit fee to cover the costs associated with compliance monitoring throughout the extended-use period. Generally, payment of the fee shall be made prior to the issuance of Federal and/or State tax forms. Assessment of a lesser fee, and any alternative timing for payment of the fee, may be approved at the sole discretion of the Executive Director and shall only be considered where convincing proof of financial hardship to the owner is provided. Nothing in this subsection shall preclude the Committee from charging an additional fee to cover the costs of any compliance monitoring required, but an additional fee shall not be required prior to the end of the initial 15 year compliance period.

Note: Authority cited: Section 50199.17, Health and Safety Code.

Reference: Sections 12206, 17058, and 23610.5, Revenue and Taxation Code; and Sections 50199.4-50199.22, Health and Safety Code.

Section 10337. Compliance

- (a) Regulatory Agreement. All recipients of Tax Credits, whether Federal only, or both Federal and State, are required to execute a regulatory agreement, as a condition to the Committee's making an allocation, which will be recorded against the property for which the Tax Credits are allocated, and, if applicable, will reflect all scoring criteria proposed by the applicant in the competition for Federal and/or State housing Credit Ceiling.
- (b) Responsibility of owner. All compliance requirements monitored by the Committee shall be the responsibility of the project owner. Project owners are required to annually certify tenant incomes in conformance with IRS regulation §1.42-5(c)(3) unless the project is a 100 percent (100%) tax credit property exempted under IRC Section 142(d)(3)(A). Owners of a 100% tax credit property must perform a first annual income recertification in addition to the required initial move-in certification. After initial move-in certification and first annual recertification, owners of 100% tax credit properties may discontinue obtaining income verifications. Owners of 100% tax credit properties must continue to check for full-time student status of all households during the entire tenancy of the households and throughout the initial compliance period, and continue recordkeeping in accordance with paragraph (1) of this subsection. These requirements continue if the tax credit property is sold, transferred, or under new management. Any failure by the owner to respond to compliance reports and certification requirements will be considered an act of noncompliance and shall be reported to the IRS if reasonable attempts by the Committee to obtain the information are unsuccessful.

Recording requested by and
when recorded mail to:

Tax Credit Allocation Committee
915 Capitol Mall, Room 485
P.O. Box 942809
Sacramento, CA 94209-0001

Free Recording Requested
In Accordance With
Government Code 27383

Space above this line
for Recorder's use

REGULATORY AGREEMENT

Federal Credits

Tax-Exempt Bond Financed Project

This Regulatory Agreement (this "Agreement") is made between the California Tax Credit Allocation Committee ("TCAC"), established under Section 50199.8 of the Health and Safety Code of the State of California, and [REDACTED] a California Limited Partnership ("Owner") and is dated as of [REDACTED] (the "Effective Date"). The Owner has requested TCAC's determination and TCAC has determined that the Project (as herein defined) satisfies the requirements of the State of California's Qualified Allocation Plan relating to the low-income housing tax credit (the "Federal Tax Credit") under Section 42 of the Internal Revenue Code of 1986. The Tax Credit relates to a multifamily rental housing project known as [REDACTED], identified in the records of TCAC by TCAC# CA-[REDACTED] and IRS Building Identification Number CA-[REDACTED] through CA-[REDACTED], and located on the real property described in Exhibit A of this Agreement, attached hereto and incorporated herein (the "Project"). This Agreement is intended to constitute the extended low income housing commitment required by Section 42(h)(6) of the Internal Revenue Code. Accordingly, in consideration of the allocation relating to the Tax Credit by TCAC and the requirements of the Internal Revenue Code, the Owner and TCAC hereby agree as follows:

Section 1. Definitions.

a. Unless the context otherwise requires, capitalized terms used in this Agreement shall have the following meanings:

"Agreement" means this Regulatory Agreement between TCAC and the Owner.

"Applicable Fraction" means the smaller of the Unit Fraction or the Floor Space Fraction, all calculated in accordance with Section 42(c)(1) of the Code.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary for purposes of Section 42 of the Code, including adjustments for family size.

"Assumption Agreement" shall have the meaning assigned in Section 14 hereof.

"Code" means those provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

"Compliance Period" means the period of 30 consecutive taxable years beginning with the first taxable year of the Credit Period, or such longer period as is prescribed at Appendix A.

"Credit Period" means, with respect to the State Tax Credit, the period of four taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, and with respect to the Federal Tax Credit, the period of ten taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, as further provided pursuant to Section 2b hereof.

"Effective Date" means the date first set forth herein above.

"Federal Tax Credit" means the low-income housing tax credit under Section 42 of the Code.

"Floor Space Fraction" means the fraction, the numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the Units in such building.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 142(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, as provided in Section 4c hereof, or such alternative income level as may be set forth in Appendix A.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low-Income. For so long as the Tenant occupies the particular Unit [or another unit in the same building], the Tenant will remain a Low-Income Tenant if the Tenant's Income, upon the most recent income certification, does not exceed 140% of Low-Income.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Amount" means the number of Units in the Project required to be Low-Income Units, which Minimum Amount for this Project is 20% or 40% of the Units, as provided in Section 4c hereof. Notwithstanding the Minimum Amount, the Applicable Fraction for this project shall be no less than that set forth at Section 4d hereof.

"Owner" means [REDACTED] a California Limited Partnership, or successors.

"Project" means the residential rental housing project known as [REDACTED], TCAC# CA- [REDACTED], and located on the real property described in Exhibit A.

"Qualified Low-Income Housing Project" means a residential rental project meeting the requirements of Section 4 hereof.

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section 42(g)(2)(C) of the Code, as modified by Appendix A, if applicable.

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"State Tax Credit" means the low-income housing tax credit under the provisions of Sections 12206 17058 and 23610.5 of the Revenue and Taxation Code.

"Tax Credit" means the low-income housing tax credit under Section 42 of the Code.

"TCAC" means the Tax Credit Allocation Committee and its successor.

"TCAC Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by TCAC for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Owner and the Project with the provisions of Section 42 of the Code and notify the Service of instances of noncompliance.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Owner.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy units used on a nontransient basis may be treated as Units.

"Unit Fraction" means the fraction, the numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of Units in such building.

b. Any term or phrase which is used in this Agreement and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

Section 2. Term.

a. This Agreement shall commence as of the Effective Date and shall terminate on the last day of the Compliance Period (the "Term"), unless earlier terminated pursuant to Section 2c hereof.

b. The Credit Period commences with respect to each building in the Project (i) the taxable year in which the building is placed in service or (ii) the succeeding taxable year, at the irrevocable election of the Owner pursuant to Section 42(f) (1)(B) of the Code. In the case of the Project, the Credit Period begins in the calendar year 20 [REDACTED] or as set forth at Appendix A with respect to individual buildings.

c. Notwithstanding subsection 2.a., this Agreement shall terminate with respect to any building in the Project on the date such building is acquired by foreclosure or instrument in lieu of foreclosure unless the Secretary determines that such acquisition is part of an arrangement a purpose of which is to terminate such period; provided, however, that, except for eviction for good cause, the Tenant of any Low-Income Unit shall be entitled to occupy such Unit in accordance with the provisions of this Agreement for a period of three years following such termination.

Section 3. Filing. This Agreement, and all amendments hereto, shall be recorded as a restrictive covenant in the official records of the County of [REDACTED] in which the Project is located. The Owner shall pay all fees and charges incurred in connection with such recording.

The Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project land, encumbering the Project land for the Term of this Agreement and binding upon the Owner's successors in title and all subsequent owners and operators of the Project land, and (ii) shall bind the Owner (and the benefits shall inure to TCAC and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of California to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project land. For the Term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

Section 4. Qualified Low-Income Housing Project.

a. The Owner shall maintain the Project as a Qualified Low-Income Housing Project within the meaning of Section 42 of the Code at all times, commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Agreement. To this end, and without limitation, the Owner shall --

(i) operate the Project such that at least the Minimum Amount of the Units in the Project are Low-Income Units, and

(ii) assure that Units in the Project are (A) available for use by the general public, (B) suitable for occupancy and (C) used on other than a transient basis.

b. During the Term of this Agreement, the Owner shall not evict, terminate the tenancy, or refuse to renew the lease or rental agreement of any tenant of any Low-Income Unit without good cause.

c. For purposes of this Agreement and Section 42 of the Code, the Owner has elected to comply with [] the "20-50 test" pursuant to which "Low-Income" is defined as 50% of Area Median Gross Income and the Minimum Amount is 20% of the Units in the Project or [X] the "40-60 test" pursuant to which "Low-Income" is defined as 60% of Area Median Gross Income and the Minimum Amount is 40% of the Units in the Project.

d. The amount of Tax Credit allocated to the Project is based on the requirement that the Applicable Fraction for buildings in the Project will be at least 100% or as specified, building-by-building, at Appendix A. The Owner's failure to ensure that each building in the Project complies with such requirement will cause TCAC to report such fact to the Service which may result in the reduction and recapture by the Service of Tax Credit, and (ii) to take other appropriate enforcement action, including, but not limited to, the remedies provided herein.

e. The Owner may not refuse to lease a Unit in the Project to a prospective Tenant who holds a voucher or certificate of eligibility for assistance pursuant to Section 8 of the United States Housing Act of 1937, as amended, because of the status of such prospective Tenant as the holder of such voucher or certificate.

f. The Project and the Owner are subject to the additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

Section 5. Annual Determinations; Low-Income Units. Upon initial occupancy and, unless otherwise allowed under Section 42 of the Code and specifically authorized by TCAC, at least annually thereafter, the Owner shall determine and certify the Income of each Low-Income Tenant. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building (i) is rented to a person who is not a Low-Income Tenant or (ii) is rented without being Rent-Restricted. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit provided that (I) reasonable attempts are made to rent the Unit and (II) no other Units of comparable or smaller size in the building are rented to persons who are not Low-Income Tenants or are rented without being Rent-Restricted. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint income tax return; provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code, or any successor to such provision, as applicable to the Project.

Section 6. Compliance Monitoring. The Owner acknowledges that TCAC is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Owner's and the Project's compliance with the requirements of Section 42 of the Code and (ii) to notify the Service of any noncompliance which is found. The Owner agrees (I) to maintain records that substantiate and document such compliance, preserving such records for the period required by the Service and TCAC, (II) to take all actions required by TCAC pursuant to the TCAC Compliance Monitoring Procedures to assist or cooperate with TCAC in monitoring such compliance and (III) to pay the

fee prescribed by TCAC with respect to such monitoring. The TCAC Compliance Monitoring Procedures require, among other things, that the Owner annually certify to TCAC (on such forms as are prescribed by TCAC) the number of Units in the Project which are Low-Income Units, the percentage of floor space in the Project which is allocable to Low-Income Units, that the Project continues to be a Qualified Low-Income Housing Project; provided, however, that in the first year of the Credit Period, the Owner shall certify individually with respect to each month of such year the number of Low-Income Units in the Project and the percentage of floor space devoted to such Units on the last day of the month. The Owner is responsible for full adherence to the TCAC Compliance Monitoring Procedures without regard to whether particular requirements of those procedures are enumerated in this Agreement. The Owner agrees TCAC may, at any time during the construction, rehabilitation, or operation of the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

Section 7. Notification of Noncompliance. The Owner agrees to notify TCAC or its designee if there is a determination by the Service that the Project is not a "qualified low-income housing project" within the meaning of Section 42(g) of the Code. Notification to TCAC will be made within ten business days of receipt of any such determination.

Section 8. Security for Performance. The Owner hereby assigns its interest in the rents from the Project to TCAC as security for the performance of the Owner's obligations under this Agreement. However, until and unless the Owner defaults in its obligations under this Agreement, the Owner is entitled to collect, retain and apply such rents.

Section 9. Remedies. In the event the Owner defaults in its obligations under this Agreement and such default is not cured within a reasonable time period, the remedies of TCAC, the Tenants and any former or prospective Low-Income Tenants shall include, but are not limited to, the following:

a. collecting all rents with respect to the Project and applying them (i) to meet the ongoing costs of operating the Project, (ii) to pay debt service, (iii) to reimburse any Low-Income Tenants who may have been charged a Gross Rent above the applicable Rent-Restricted level or (iv) to assure the long-term, Low-Income use of the Project consistent with the requirements of Section 42 of the Code and this Agreement;

b. taking possession of the Project and operating the Project in accordance with the requirements of this Agreement, including the collection and application of rents in accordance with subsection a of this Section 9, until the Owner demonstrates that it will operate the Project in accordance with this Agreement;

c. applying to any court for specific performance of any of the obligations herein set forth;

d. securing the appointment of a receiver to operate the Project in a manner consistent with this Agreement, including subsections a and b of this Section 9;

e. suit against the Owner for damages or for the disgorgement of rents collected in excess of those which would have been received had the Owner complied with the requirements of this Agreement; and

f. requiring the replacement of the manager of the Project with a property manager approved by TCAC, in the event the Owner fails to maintain the Project in sound and habitable condition, such that each Low-Income Unit is suitable for occupancy in accordance with the requirements of Section 42 (I) (3) (B) (I) of the Code and Section 4a of this Agreement;

g. requiring the payment of an increased compliance monitoring fee by the owner for such period as TCAC determines appropriate; and

h. such other relief as may be appropriate.

Section 10. Enforceability. This Agreement may be enforced by TCAC or its designee, including any agency of State or local government identified at Appendix A hereto or otherwise in a written notice provided by TCAC to Owner. In addition, the Agreement shall be deemed a contract enforceable by, and shall inure to the benefit of, one or more Tenants or persons meeting the Low-Income restriction, whether past, present, or prospective Tenants, as third-party beneficiaries hereof. TCAC, its designee and/or any Tenant or other third-party beneficiary shall be entitled to reasonable attorneys' fees and other legal costs in any judicial or administrative action in which such party shall prevail.

Section 11. No Conflicting Agreements. The Owner warrants that it is not bound by and will not execute any other agreement with provisions that bind it to violate the provisions of this Agreement; provided, however, that with the approval of TCAC, this Agreement may be subordinated, if required, to any lien or encumbrance of any banks or other institutional lenders to the Project; provided, further, that the terms of any such subordination shall provide that (i) prior to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the exercise of any remedy or authority by any such lender shall be subject to all of the requirements of the Agreement, and (ii) subsequent to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 12. Successors Bound. This Agreement and the covenants and conditions contained herein shall run with the land and shall bind, and the benefits shall inure to, respectively, the Owner and its successors and assigns and all subsequent owners of the Project or any interest therein, and TCAC and its successors and assigns, for the Term of this Agreement, without regard to whether any such parties shall have executed an Assumption Agreement with respect hereto. Upon termination of this Agreement, the covenants and conditions contained herein shall expire, except that the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 13. Amendments; Waivers. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and acknowledged by each of the parties hereto or their successors and duly recorded in the official records of the county in which this Agreement is recorded. Any waiver of any provision of this Agreement shall not be deemed to be an amendment hereof. Upon request by TCAC, the Owner agrees that it will take all actions necessary to effect any amendment of this Agreement which may be necessary in TCAC's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

Section 14. Assignment by Owner. The Owner may not sell or otherwise dispose of any portion of any building in the Project unless it disposes of the entire building to the same person. Upon sale or transfer of the Project, the Owner shall be relieved of all obligations under the Agreement and the transferee shall succeed to and be bound by all of the Owner's rights and obligations hereunder, without regard to whether the transferee has executed an Assumption Agreement as hereinafter provided. Prior to any transfer of the Project, the Owner shall notify TCAC in writing and provide the name(s) and address(es) and financial reports of the prospective successor owner and operator. The Owner shall require, as a condition precedent to any sale, transfer or exchange or any other disposition of the Project prior to termination of this Agreement, that the purchaser or successor assume, in writing, in an Assumption Agreement acceptable to TCAC, the Owner's obligations hereunder and under Section 42 of the Code and applicable regulations, which Assumption Agreement shall be delivered to TCAC in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Owner agrees that any sale, transfer or exchange of the Project without execution of an Assumption Agreement or otherwise in contravention of the provisions of this Section 14 shall be voidable at the discretion of TCAC. Changes in the constituents of the Owner shall not constitute a default under this Agreement. Owner acknowledges that the sale, transfer or exchange of the Project, or any interest in the Project or the Owner, consistent with the requirements of this Agreement, does not relieve the Owner or any of its constituents from any obligations which it may have under Section 42 of the Code, including those with respect to recapture of Tax Credit or any alternative thereto.

Section 15. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed received on the second day following the date on which the same have been mailed by certified mail, postage prepaid, or sent by other method which produces evidence of delivery thereof, addressed as follows:

To the TCAC:

California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
P.O. Box 942809
Sacramento, CA 94209-0001

To the Owner:



TCAC and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 16. Indemnification. The Owner agrees to indemnify and hold harmless the Chairperson, TCAC committee members, TCAC officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by TCAC as a result of any material inaccuracy in any of the representations and warranties contained in this Agreement, or as a result of any action by the Owner, including claims by third parties.

The Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against TCAC which arise out of any of the matters relating to this Agreement, the Owner will cooperate fully with TCAC in the defense or other disposition thereof.

Section 17. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 18. Governing Law. This Agreement shall be governed by the laws of the State of California, excluding conflicts provisions, and, where applicable, the laws of the United States of America.

Section 19. Survival of Obligations. The obligations of the Owner as set forth herein and in the application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

Section 20. Interpretation. TCAC's interpretation of this Agreement shall be controlling for purposes of determining whether (i) the Compliance Period shall have commenced, (ii) this Agreement shall have been terminated in accordance with Section 2 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized representatives, as of the day and year first written above.

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

By _____
William J. Pavão
Executive Director

[REDACTED]

By _____
[REDACTED]

The undersigned, owners of the property described on Exhibit A hereto, hereby consent to recordation of this Regulatory Agreement against such property, and agree that such property shall be bound by the provisions thereof.

[REDACTED]

By _____
[REDACTED]

ACKNOWLEDGMENT

State of California

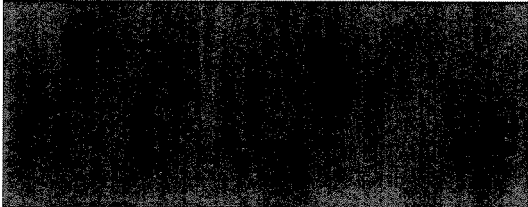
County of _____)

On _____ before me, _____
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.



(Seal)

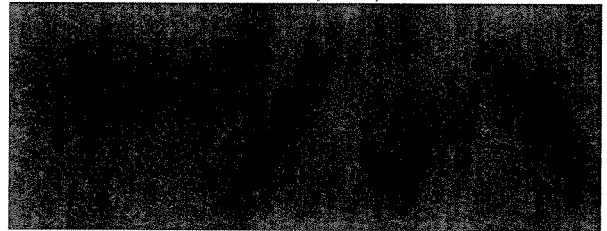


EXHIBIT A
to Regulatory Agreement

Description of the real property
on which the Project is located

CA: [REDACTED]
Location:

[REDACTED]

Legal Description:

Please see following page.

Project Size Description:

[REDACTED] Buildings
[REDACTED] Low-Income Units; [REDACTED] Manager's Unit
[REDACTED] SRO; [REDACTED] 1-Bedroom; [REDACTED] 2-Bedroom;
[REDACTED] 3-Bedroom; [REDACTED] 4-Bedroom;
[REDACTED] 5-Bedroom

ORDER NO. : [REDACTED]

EXHIBIT A

The land referred to is situated in the County of [REDACTED], State of California, and is described as follows:

PARCEL ONE:

[REDACTED]

PARCEL TWO:

[REDACTED]

APN: [REDACTED]

PARCEL THREE:

[REDACTED]

APN: [REDACTED]

PARCEL FOUR:

[REDACTED]

APN: [REDACTED]

PARCEL FIVE:

[REDACTED]

APN: [REDACTED]

Appendix A

Income Target

Throughout the Compliance Period, unless otherwise permitted by TCAC, Units must be occupied by Tenants such that the income of Tenants residing in 44 of the Units is at or below 50% of Area Median Gross Income, such Units shall be Rent-Restricted in accordance with such income level.

Service Amenities

The Project shall include the following service amenities, which must of a regular, ongoing nature, provided to tenants free of charge (with exception of licensed child care), appropriate to the population being served, and committed for a minimum of 10 years:

Longer Compliance Period

The Compliance Period shall be a period of 55 consecutive taxable years commencing with the first year of the Credit Period.

Designation of First Year of Credit Period by Building

Building Id. _____ First Year of Credit Period 200__
Building Id. _____ First Year of Credit Period 200__
Building Id. _____ First Year of Credit Period 200__
Building Id. _____ First Year of Credit Period 200__
Building Id. _____ First Year of Credit Period 200__
Building Id. _____ First Year of Credit Period 200__

Minimum Applicable Fraction by Building

Building Id. _____ Minimum Applicable Fraction ____%
Building Id. _____ Minimum Applicable Fraction ____%
Building Id. _____ Minimum Applicable Fraction ____%
Building Id. _____ Minimum Applicable Fraction ____%
Building Id. _____ Minimum Applicable Fraction ____%
Building Id. _____ Minimum Applicable Fraction ____%

Agency Designated to Enforce

At any time during the Compliance Period, the California Tax Credit Allocation Committee may designate an agency of local government to enforce the terms of this Agreement. The Department designates the following agency of local government for such purpose:
