



OPTION AGREEMENT

THIS OPTION AGREEMENT (“**Option Agreement**”) is made _____, 2020, (“**Effective Date**”) by and between the COUNTY OF ORANGE, a political subdivision of the State of California, the HOUSING AUTHORITY OF THE CITY OF SANTA ANA, a public body, corporate and politic, (respectively, the “**County**” and the “**Agency**,” and collectively “**Optionor**”) and WASHINGTON SANTA ANA HOUSING PARTNERS, L.P., a California limited partnership (hereinafter called “**Optionee**”). Optionor and Optionee may sometimes hereinafter individually be referred to as “**Party**” or jointly as “**Parties**.”

Recitals

- A. County and Agency are owners of contiguous parcels of land totaling approximately 2.26 acres located in Santa Ana, California, comprised of the two following lots: Assessor’s Parcel Number 398-092-14 (“**Agency Property**”); and Assessor’s Parcel Number 398-092-13 (“**County Property**”).
- B. The Agency and County desire to merge these two parcels for the purpose of executing a ground lease (“**Lease**”) for the combined property to Optionor, to create an 86-unit multifamily affordable housing project with a permanent supportive housing component (“**Project**”).
- C. Optionee desires to obtain an option to lease the combined Agency Property and County Property, once merged, as set forth on Attachment I, attached hereto and made a part hereof (“**Premises**”), to develop and construct the Project.
- D. The final negotiated form of the Lease is attached hereto as Attachment II and will more fully describe the Project and other permitted uses.
- E. Optionor is the fee owner of the Premises and is willing to enter into an option to lease said Premises for the Project as set forth herein.

NOW, THEREFORE the Parties agree as follows:

1. DEFINITIONS (PM02.1 S)

- a. “**Board of Supervisors**” means the Board of Supervisors of the County of Orange, a political subdivision of the State of California, the governing board of the County.
- b. “**Agency**” means the Housing Authority of the City of Santa Ana, acting as the Housing Successor Agency, a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the California Redevelopment Law. The principal office of the Agency is located at 20 Civic Center Plaza, Santa Ana, California 92702. “Agency” shall also refer to the City of Santa Ana where the context dictates, to the effect that the City of Santa Ana shall have all rights granted to the Agency hereunder.
- c. “**City**” shall mean the City of Santa Ana, California, a charter city and municipal corporation. “City” shall also refer to the Agency where the context dictates, to the effect that the Agency

shall have all the rights granted to the City hereunder. **“City Council”** shall mean the City Council of the City of Santa Ana.

- d. **“County”** means the County of Orange, a political subdivision of the State of California. Any reference to the County herein, unless expressly stated to the contrary, shall refer to the County solely in its capacity as owner of the Premises and not the County in its capacity as a land use or other governmental approval authority.
- e. **“Lease”** means that certain Ground Lease including any and all addenda, amendments and exhibits attached hereto as **Attachment II**.
- f. **“Premises”** means that certain real property containing approximately 2.28 acres of undeveloped land in the City of Santa Ana, made up of the Agency Property and the County Property, together with all easements, rights and privileges appurtenant thereto, to be leased to Optionee pursuant to the Lease for the development of the Project, as more fully set forth therein. The map of the Premises is attached hereto as **Attachment I**.

2. **OPTION (PM03.1 S)**

Optionor hereby grants Optionee the option (**“Option”**) to lease said Premises in accordance with the covenants and conditions set forth herein. For purposes of clarification and for the purpose of this Option Agreement, the Agency is specifically providing an Option on the Agency Property and the County is specifically providing an Option on the County Property, as more fully set forth herein.

3. **TERM (PM05.1 S)**

The term of this Option Agreement shall be thirty-six (36) calendar months (**“Option Term”**) and shall commence on the Effective Date shown above.

If at any point during the Option Term the Optionee has failed to act diligently and in good faith to obtain funding or to plan and permit the Project pursuant to Section 5, below, the Optionor, using reasonable discretion, may terminate this Option Agreement, with fifteen (15) days written notice to Optionee setting forth the reasons for such termination. If during such fifteen (15) day period the Optionee is able to cure any issues indicated in the notice of termination, this Option Agreement may be reinstated by the Optionor and shall remain in full force and effect.

4. **OPTION PRICE (PM04.2 N)**

The price of the Option granted herein is \$36 (**“Option Price”**), which shall be paid to Optionor prior to the Effective Date.

The Option Price shall be retained by Optionor in consideration for the granting of the Option. No portion of the Option Price shall be refunded or credited to rent payments under the Lease.

5. CONDITIONS (PM07.1 N)

The Option may not be exercised until the following terms and conditions shall have been met. Each time a condition has been met Optionor shall, upon written request therefor from Optionee, provide written confirmation that such condition has been satisfied.

A. Preliminary Plans

Within one hundred eighty (180) days following the Effective Date of this Option Agreement, and not less than five (5) business days before Optionee intends to submit such documents to the City, Optionee shall submit preliminary plans for the development and use of the Premises for the Project (“**Preliminary Plans**”), for Optionor’s approval. The preliminary plans shall be prepared by an architect licensed in the State of California and shall include:

- 1) A detailed site plan of the Premises showing:
 - a. all improvements planned for the Premises
 - b. any existing and/or proposed easements affecting the Premises
 - c. ingress and egress to and from the Premises
 - d. parking
 - e. location of all utilities
 - f. drainage plan
 - g. grade elevations of all structures;
- 2) Detailed landscape development plans;
- 3) Colored rendering or model of the planned development;
- 4) A detailed cost estimate of all improvements; and
- 5) A detailed estimate of the construction schedule.

Within ten (10) business days of receipt of the Preliminary Plans, the Optionor will provide Optionee with written comments, if any, on the Preliminary Plans. The Optionor’s review shall be limited only to reviewing plans for conformity with this Option Agreement and impacts on flood control operations and shall not provide any representations or warranties regarding the sufficiency of the plans for the required land use approvals or for construction.

B. Environmental Requirements

Concurrently with or prior to the submission of the Preliminary Plans to the Agency, Optionee shall submit to the City a draft Initial Study, with a copy to the Optionor, prepared at Optionee’s expense, in order for the City to determine whether a Negative Declaration or an Environmental Impact Report will be necessary for the proposed development. Such determination will be made in accordance with the City’s normal procedures.

If the City determines that a Negative Declaration is appropriate, Optionee shall submit all necessary documentation and cooperate with the City in order to provide the Optionor with written proof of environmental clearance on the Project from the appropriate governmental authority.

If an Environmental Impact Report is mandated by the City, Optionee shall obtain a screen check Environmental Impact Report and draft Environmental Impact Report at its own expense and shall process same in accordance with the City's procedure. Optionee shall, prior to commencement of any construction on the Premises, provide supporting documentation to Optionor, evidencing that Optionee has received environmental clearance on the Project from the appropriate authority governing this matter

C. General Plan Conformity

Optionee shall request a finding from the City that the proposed development is in conformance with the City's General Plan pursuant to Government Code Section 65402 and provide written evidence of such conformity to the Optionor.

D. Construction Contract Documents

Within ninety (90) days following the Optionee's receipt of a commitment from the California Tax Credit Allocation Committee of an award of tax credits for Optionee's proposed development of the Premises, and not less than five (5) business days before Optionee intends to submit such documents to the Agency, Optionee shall submit to the Optionor construction contract documents ("**Construction Contract Documents**") and cost estimates for development of the Premises. Such Construction Contract Documents shall consist of the following:

- 1) Complete architectural, landscape, and engineering working drawings;
- 2) Outline unit specifications;
- 3) Construction contract form; and
- 4) Construction schedule.

Within ten (10) business days of receipt of the Construction Contract Documents, the Optionor will provide Optionee with written comments, if any, on the Construction Contract Documents. If Optionor provides any comments within such ten (10) day period, then, to the extent reasonable, Optionee shall endeavor to address Optionor's comments with respect to the Construction Contract Documents during the approval process with the City.

E. Permits and Approvals.

Optionor shall not unreasonably withhold consent to any application by Optionee with respect to any permits or approvals related to activities or development plans approved by Optionor in accordance with this Option Agreement which may be required by any governmental or regulatory agency.

Optionee shall provide Optionor with satisfactory evidence that Optionee has met all City requirements, as applicable, and has obtained all necessary clearances and grading permits from the City to commence construction of the planned development as preliminarily approved by the Optionor.

Optionee acknowledges and agrees that no grading, or other construction activities shall be permitted on the Premises until all applicable permits and clearances have been obtained from the City.

F. Lease Requirements

Optionee shall submit to the Optionor:

- 1) Satisfactory evidence of Optionee's ability to finance the cost of the development planned for said Premises in accordance with the requirements of the Lease, which may be evidenced by commitments from the Optionee's tax credit investor and the lenders providing acquisition and construction financing for Optionee's proposed development of the Premises. If Optionee plans to hypothecate the leasehold as security for a loan, Optionee shall submit substantially final versions of all documents proposed in the loan transaction along with a request for Optionor's consent to the proposed hypothecation in accordance with the terms of the Lease, which consent shall not be unreasonably withheld.
- 2) Evidence that, when the Lease is executed, Optionee will provide assurances of construction completion in accordance with the Lease, or a letter of intent bond that is sufficient to assure Optionor that a bond is forthcoming consistent with the Lease, or Lessee will provide a completion guaranty in accordance with the Lease.
- 3) Evidence of insurance coverage which will be available when the Lease is executed and which fully complies with the Lease.

6. REVIEW BY COUNTY AND AGENCY (PM08.1 N)

Optionee hereby acknowledges that one of the purposes of this Option Agreement is to afford Optionee and Optionor the opportunity to determine whether Optionee is able to meet the various conditions of this Option Agreement and is able to obtain the required approvals as set forth in this Option Agreement. Several of those conditions involve obtaining reviews and approvals from officers, employees or agents of the Optionor, and/or the City. Each of those reviews shall be conducted in an independent manner and nothing contained herein shall be deemed to limit the jurisdiction or authority otherwise possessed by said officers, employees or agents in the conduct of such review.

Nothing contained in this Option Agreement shall be deemed to imply that required approvals will be forthcoming, and the failure to issue any such approval or permit by any officer, employee or agent of the County, and/or the City shall not be deemed in any manner a breach of this Option Agreement, nor shall any such denial give rise to any claim, liability, obligation, or cause of action with respect to this Option Agreement or the Lease.

No permit, approval, or consent given by the County, and/or the City, or their officers, employees, or agents, acting in its/their governmental capacity, shall affect or limit Optionee's obligations under this Option Agreement or under the Lease, nor shall any approvals or consents given under this Option Agreement by Optionor, as a Party hereto, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, and/or regulations.

7. **DISCLAIMER OF REPRESENTATIONS OF WARRANTIES (PM015.1 N)**

Optionee agrees that Optionor has made no representations, warranties, or agreements as to any matters concerning the Premises, including, but without being limited to, the land, marketability of title, topography, climate, air, water, water rights, utilities, present or future zoning, soil, subsoil, hazardous substances, waste or materials, the purposes for which the Premises is suited, drainage, access to public roads, proposed routes of roads or extensions thereof or the availability of governmental permits or approvals of any kind. Optionee represents and warrants to Optionor that it and its representatives and employees have made or will make their own independent inspection and investigation of such matters concerning the Premises.

8. **OPTIONEE'S RIGHT TO ENTER PREMISES, INDEMNIFICATION (PM09.1.1 N)**

During the Option Term the Optionee and its employees, contractors, subcontractors, consultants, and agents (collectively, "**Consultants**") shall have the right, at Optionee's sole cost and expense, to enter onto the Premises at reasonable times to make such investigations of the Premises as the Optionee deems necessary for Optionee to prepare the hereinabove-described Preliminary Plans and Construction Contract Documents and in order to determine if the Premises is suitable for Optionee's intended development, including but not limited to invasive testing, geotechnical testing, and "Phase I" and/or "Phase II" investigations of Premises. The Optionee shall provide the Optionor with notice at least one (1) business day prior to the date of any intended entry onto the Premises. After making such tests and inspections, the Optionee shall promptly restore the Premises to its condition prior to such tests and inspections and shall provide the Optionor with any written reports delivered to Optionee as a result of such tests and inspections, but without any representation as to accuracy or the Optionor's right to rely on such reports.

Optionee hereby agrees to indemnify Optionor and hold Optionor, its officers, employees and agents harmless from any loss, claims, liability, or costs arising out of or incurred by reason of such investigation; provided, however, such indemnification shall not apply to any loss, claims, liability or costs arising out of Optionee's discovery of Hazardous Materials (as such term is defined in the form of Ground Lease) on the Premises not brought to the Premises by Optionee. Whether or not this option terminates or expires, Optionee agrees to repair any and all damages caused to the Premises by reason of any such investigation or investigations, which obligation shall not include remediation of any Hazardous Materials unless such Hazardous Materials were brought to the Premises by Optionee or unless Optionee agrees to move forward with such remediation after its environmental assessment of the Property. In no case shall Optionor be responsible for the costs associated with any such remediation required for the Project.

As a condition to any entry onto the Premises, Optionee shall provide evidence of insurance as stated in Section 11, entitled Insurance.

9. **OMITTED**

10. **HOLD HARMLESS (PMGE10.1 S)**

Optionee hereby releases and waives all claims and recourse against Optionor, including the right of contribution for loss or damage of persons or property, arising from, growing out of or in any way connected with or related to the activities of the Optionee or anyone acting for or under the direction of the Optionee under this Option Agreement except and to the extent of claims arising from the negligence or misconduct of Optionor, its officers, agents, and employees. Optionee hereby agrees to indemnify, defend (with counsel

approved in writing by Optionor), and hold harmless, Optionor, its elected and appointed officials, officers, agents, employees and contractors against any and all claims, losses, demands, damages, cost, expenses or liability for injury to any persons or property (collectively, “**Claims**”), arising out of the Optionee’s exercise of the rights under this Option Agreement, except and to the extent of liability arising out of the negligence or misconduct of Optionor, its elected and appointed officials, officers, agents, or employees, including the cost of defense of any lawsuit arising therefrom. If Optionor is named as co-defendant in a lawsuit with respect to a Claim for which the Optionee has an indemnity obligation under this section, Optionee shall notify Optionor of such fact and shall represent Optionor in such legal action unless Optionor undertakes to represent itself as co-defendant in such legal action, in which event, Optionee shall pay to Optionor its reasonable litigation costs, expenses, and attorneys' fees. If judgment is entered against Optionor and Optionee by a court of competent jurisdiction because of the concurrent negligence or misconduct of Optionor and Optionee, Optionor and Optionee agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

Optionee acknowledges that it is familiar with the language and provisions of California Civil Code Section 1542 which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Optionee, being aware of and understanding the terms of Section 1542, hereby waives all benefit of its provisions to the extent described in this paragraph.

11. INSURANCE (PM09.2.2S)

A. General Requirements

Optionee agrees to purchase all required insurance at Optionee’s expense and to deposit with the Optionor certificates of insurance, including all endorsements required herein, necessary to satisfy Optionor that the insurance provisions of this Option Agreement have been complied with and to keep such insurance coverage and the certificates and endorsements therefor on deposit with Optionor during the entire term of this Option Agreement and any extension thereof.

The Option shall terminate if Optionee’s insurance coverage is terminated and Optionee has failed to reinstate such insurance within five (5) business days after termination

Optionee agrees that Optionee shall not operate on the Premises at any time the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of Optionor. In no cases shall assurances by Optionee, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Optionor will only accept valid certificates of insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. Optionee also agrees that upon cancellation, termination, or expiration of Optionee’s insurance, Optionor may take whatever steps are necessary to interrupt any operation from or on the Premises until such time as the Optionor reinstates the Option.

If Optionee fails at any time during the term of the Option to provide Optionor with a valid certificate

of insurance and endorsements, or binder, Optionor and Optionee agree that this shall constitute a material breach of this Option Agreement. Said material breach shall permit Optionor to take whatever steps necessary to interrupt any operation from or on the Premises, and to prevent any persons, including, but not limited to, members of the general public, and Optionee's employees and agents, from entering the Premises until such time as Optionor is provided with evidence of insurance required herein. Optionee further agrees to hold Optionor harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from Optionor's action.

All contractors performing work on behalf of Optionee pursuant to this Option Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for Optionee. Optionee shall not allow any contractor to work if the contractor has less than the level of coverage required by Optionor from the Optionee under this Option Agreement. It is the obligation of the Optionee to provide written notice of the insurance requirements to the contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Premises. Such proof of insurance must be maintained by Optionee through the entirety of this Option Agreement and be available for inspection by an Optionor representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars (\$50,000) shall specifically be approved by the County's Risk Manager, or designee, and the City of Santa Ana Risk Manager ("**Risk Manager**") upon review of Optionee's current audited financial report. If Optionee's SIR is approved, Optionee, in addition to, and without limitation of, any other indemnity provision(s) in this Option, agrees to all of the following:

- 1) In addition to the duty to indemnify and hold the County and City harmless against any and all liability, claim, demand or suit resulting from Optionee's, its agents, employee's or subcontractor's performance of this Agreement, Optionee shall defend the County and City at its sole cost and expense with counsel approved by Board of Supervisors and City of Santa Ana against same; and
 - 2) Optionee's duty to defend, as stated above, shall be absolute and irrespective of any duty to indemnify or hold harmless; and
 - 3) The provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated above applies, and the Optionee's SIR provision shall be interpreted as though the Optionee was an insurer and the County and City were the insureds.
- If the Optionee fails to maintain insurance acceptable to Optionor for the full term of this Option Agreement, Optionor may terminate this Option Agreement, subject to the reinstatement rights above, if any, set forth above in this section.

B. Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management and City of Santa Ana retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

C. Minimum Limits

The policy or policies of insurance maintained by the Optionee shall provide the minimum limits and coverage as set forth below:

<u>Coverages</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hire vehicles	\$1,000,000 limit per occurrence
Workers' Compensation	Statutory Minimum
Employers' Liability Insurance	\$1,000,000 per occurrence
Contractor's Pollution Liability	\$1,000,000 per claims-made or per occurrence

D. Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

E. Required Endorsements. The following endorsements must be submitted with the Certificate of Insurance

- 1) The Commercial General Liability policy shall contain an Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the County their respective elected and appointed officials, officers, employees, and agents as Additional Insureds and the City of Santa Ana, its officers, employees, agents and representatives as Additional Insureds with respect to General Liability and Auto Liability per the attached endorsements or as required by written contract.

The Commercial General Liability policy shall contain a primary non-contributing endorsement using ISO form CG 20 01 04 13, or a form as least as broad, evidencing that the Optionee's insurance is primary and any insurance or self-insurance maintained by the

Optionor shall be excess and non-contributing

- 2) The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the Optionor, its elected and appointed officials, officers, agents and employees.

All insurance policies required by this contract shall waive all rights of subrogation against the Optionor, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

Optionee shall notify Optionor in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to Optionor. Failure to provide written notice of cancellation may constitute a material breach of this Option upon which the Optionor may suspend or terminate this Option.

- 3) For the City, the Certificate Holder must specifically read:

City of Santa Ana
Risk Management Division, 4th Floor
20 Civic Center Plaza
Santa Ana, CA 92702

- 4) The Contractor's Pollution Liability policy shall contain the following endorsements and language, which shall accompany the Certificate of Insurance:
- A) An Additional Insured endorsement naming the County of Orange, City of Santa Ana, and their respective elected and appointed officials, officers, employees and agents as Additional Insureds.
- B) A primary and non-contributing endorsement evidencing the Optionee's insurance is primary and any insurance or self-insurance maintained by the County of Orange and City of Santa Ana shall be excess and non-contributing; and,
- C) If Optionee's Contractor's Pollution Liability policy is a claims-made policy, Optionee shall agree to maintain coverage for two (2) years following termination of the Option.

F. Severability of Interest Clause - Commercial General Liability

The Commercial General Liability policy shall contain a severability of interests clause, also known as a "separation of insureds" clause (standard in the ISO CG 001 policy).

G. Delivery

Insurance certificates should be forwarded to Optionor address provided in Section 16 (Notices) below or to an address provided by the Optionor. Optionee has ten (10) business days to provide adequate evidence of insurance or this Option Agreement may be cancelled.

H. Insurance Requirement Changes

Optionor expressly retains the right to reasonably require Optionee to increase or decrease insurance

of any of the above insurance types throughout the term of this Option Agreement. Any increase or decrease in insurance will be as deemed by the County and City Risk Manager as appropriate to adequately protect Optionor.

Optionor shall notify Optionee in writing of changes in the insurance requirements. If Optionee does not deposit copies of acceptable certificates of insurance and endorsements with Optionor incorporating such changes within thirty (30) days of receipt of such notice, this Option Agreement may be in breach without further notice to Optionee, and Optionor shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Optionee's liability hereunder nor to fulfill the indemnification provisions and requirements of this Option Agreement, nor in any way to reduce the policy coverage and limits available from the insurer.

12. ASSIGNMENT (PM010.1 S)

The Optionee may assign its right, title and interest in and to this Option Agreement to an affiliated nonprofit public benefit corporation, or to a limited partnership whose general partner is a nonprofit corporation or limited liability company affiliated with the Optionee, subject to the Optionor's right to reasonably approve the agreement to effect such assignment. Otherwise, this Option Agreement shall not be sold, assigned, or otherwise transferred without the prior written consent of Optionor, which consent may be withheld in the Optionor's sole and absolute discretion. Failure to obtain Optionor's approval of the assignment agreement or required written consent, as applicable, shall render said sale, assignment, or transfer void.

If Optionee hereunder is a corporation or an unincorporated association or partnership, the sale, transfer, or assignment of any stock or interest in said corporation, association, or partnership in the aggregate exceeding twenty-five percent (25%) shall be deemed an assignment within the meaning of this clause.

13. EXERCISE OF OPTION TO LEASE (PM011.1 S)

At any time during the Option Term that Optionee shall have performed all conditions as set forth in Section 5 (Conditions) of this Option Agreement, Optionee may exercise the Option by giving Optionor written notice of election to do so, accompanied by properly executed copies of the Lease in triplicate. County and Agency hereby represent and warrant that concurrent with execution of this Option Agreement, County and Agency have entered into that certain Crossroads at Washington - Joint Powers Agreement ("JPA") and such agreement is in full force and effect.

14. EXECUTION OF LEASE & MERGER OF PARCELS (PM012.1 N)

After confirmation that the Optionee has performed all conditions as set forth in Section 5 (Conditions) of this Option Agreement, Optionor shall execute any and all documents necessary to merge the Premises under a tenants-in-common ownership structure and execute the Lease within fourteen (14) days of receipt of Optionee's notice of election to exercise the Option and receipt of the Lease executed by Optionee.

15. TERMINATION (PM014.1 S)

Failure of Optionee to fully and satisfactorily meet the terms and conditions of this Option Agreement within the time limits stated shall absolutely and conclusively terminate Optionee's rights hereunder.

Concurrent with execution of this Option Agreement, the Optionee shall execute, acknowledge, and deliver to Julie Massey, Escrow Officer, Old Republic Title Company, 555 - 12th Street, Suite 2000, Oakland, California 94607 (the "Escrow Holder") a quitclaim deed, in a form as approved by the Optionor, quitclaiming all right title and interest created by this Option Agreement back to the Optionor ("**Quitclaim Deed**"). In the event of termination of this Option Agreement for any reason, Optionor shall be entitled to instruct the Escrow Holder to record the Quitclaim Deed; provided, however, that County shall first deliver to Optionee at least five (5) days' prior to written notice of its intention to authorize Escrow Holder to record the Quitclaim Deed. Optionee shall be responsible for all costs associated with such escrow.

16. NOTICES (PM018.1 N)

All notices, documents, correspondence and communications concerning this Option Agreement shall be addressed as set forth in this Section 16, or as the Parties may hereafter designate by written notice, and shall be sent through the United States mail, return receipt requested or with other proof of delivery, with postage prepaid, by personal delivery, Federal Express or similar courier service. Notices so given shall be deemed to have been given upon receipt.

TO OPTIONOR:

County of Orange
c/o CEO Real Estate
ATTN: Thomas Miller, Chief Real Estate
Officer
333 W. Santa Ana Blvd, 3rd Floor
Santa Ana, CA 92702
Email: thomas.miller@ocgov.com
Phone: 714/834-3046

And to:
Housing Authority of the City of Santa Ana
20 Civic Center Plaza (M-26)
P.O. Box 1988
Santa Ana, California 92702
Attn: Housing Manager

With a copy to:

Office of the City Attorney
City of Santa Ana
20 Civic Center Plaza, 7th Floor (M-29)
Santa Ana, California 92702

TO OPTIONEE:

c/o The Related Companies of California, LLC
19201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Attention: President

c/o A Community of Friends
3701 Wilshire Boulevard, Suite 700
Los Angeles, CA 90010
Attention: Dora Leong Gallo, President and
Chief Executive Officer

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, CA 90071
Attention: Lance Bocarsly, Esq.

All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or electronic mail, shall be deemed received upon the earlier of (a) if personally delivered, the date of delivery

to the address of the person to receive such notice, (b) if mailed, three (3) business days after the date of posting by the United States post office, (c) if given by electronic mail, when sent if before 5:00 p.m., otherwise on the next business day, or (d) if delivered by overnight delivery, one (1) business day after mailing. Any notice, request, demand, direction or other communication sent by electronic mail must be confirmed within by letter mailed or delivered within two business days in accordance with the foregoing; except that notices required under Section 8 prior to Optionee's access onto the Premises may be given just by email

Either Party may change the address for notices by giving the other Party at least ten (10) calendar days' prior written notice of the new address.

17. VENUE (PMES13.1S)

The Parties hereto agree that this Option Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of California. In the event of any legal action to enforce or interpret this Option Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in the County of Orange, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties hereto specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

18. SEVERABILITY (PMES15.1S)

If any term, covenant, condition, or provision of this Option Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

19. ATTORNEYS' FEES (PMES16.1S)

In any action or proceeding brought to enforce or interpret any provision of this Option Agreement, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney fees and costs.

20. SUCCESSORS AND ASSIGNS (PMES18.1S)

The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of the Parties hereto.

21. AUTHORITY (PMES20.1S)

The Parties to this Option Agreement represent and warrant that it has been duly authorized and, once executed, will constitute the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

22. ENTIRE AGREEMENT (PM017.1 S)

This instrument contains the entire agreement between the Parties relating to the Option granted herein and all negotiations and agreements between the Parties hereto or their agents with respect to this transaction are merged herein. Any oral representations, modifications, or waivers concerning this instrument shall be of no force and effect, except in a subsequent instrument made in writing and signed by both Parties. Time is of

the essence in the performance of the Parties' respective obligations herein contained. Subject to the restrictions against sale, assignment, or other transfer above, this Option Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, successors, and assigns.

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IN WITNESS WHEREOF, the Parties have executed this Option Agreement the day and year first above written.

OPTIONEE

WASHINGTON SANTA ANA HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Washington Santa Ana Development Co., LLC, a California limited liability company, its Administrative General Partner

By: _____
Frank Cardone, President

By: Supportive Housing LLC, a California limited liability company, its Managing General Partner

By: A Community of Friends, a California nonprofit public benefit corporation, its sole member/manager

By: _____
Dora Leong Gallo,
President and Chief Executive Officer

APPROVED AS TO FORM:
COUNTY COUNSEL
County of Orange, California

By: 
Deputy

Date: 2/3/20

APPROVED AS TO FORM:
SONIA CARVALHO
AUTHORITY GENERAL COUNSEL

By: _____
Ryan O. Hodge, Assistant City Attorney

Date _____

OPTIONOR

COUNTY OF ORANGE,
a political subdivision of the State of California

Thomas Miller, Chief Real Estate Officer
County of Orange, California

HOUSING AUTHORITY OF THE CITY OF SANTA
ANA ACTING AS THE HOUSING SUCCESSOR
AGENCY
a public body, corporate and politic

Steven A. Mendoza, Executive Director

We acknowledge receipt of the foregoing agreement and agree to comply with the terms of Section 15 thereof with respect to recordation of the Quitclaim Deed.

Old Republic Title Company

By:

Julie Massey, Escrow Officer

ATTACHMENT I

PREMISES

[to be attached]

ATTACHMENT II
LEASE
[to be attached]