

GUARANTY FOR PHASE
THREE

THIS PHASE THREE COMPLETION GUARANTY ("Phase Three Guaranty"), dated as of _____, 2018, is hereby given by CENTURY COMMUNITIES, INC., a Delaware corporation ("Guarantor"), to the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY (the "Agency"), with respect to the following facts:

RECITALS

:

A. East Garrison Partners I, LLC, a California limited liability company ("Original Developer") has entered into that certain Disposition and Development Agreement (Together with Exclusive Negotiation Rights to Certain Property) dated October 4, 2005 (the "DDA"), between Original Developer and the Agency, and approved by the County of Monterey (the "County"). Unless otherwise defined in this Phase Three Guaranty, capitalized terms shall have the same meanings as set forth in the DDA.

B. On September 8, 2009, UCP East Garrison, LLC ("Developer") acquired fee title to the East Garrison project that was subject to the DDA, and consequently assumed certain rights, interests and requirements under the DDA.

C. Section 108 of the DDA and Attachment No.3 thereto provide for the construction of certain deed-restricted affordable housing units in each of three Phases of the Project. Very low and low income rental inclusionary housing units, which constitute a portion of such deed-restricted affordable housing units, are to be developed and constructed in each Phase by a qualified tax credit entity selected by Developer with the reasonable approval of the Agency (a "Rental Affordable Housing Developer") pursuant to an Inclusionary Housing Agreement (Rental Units) approved by the County, the Agency and Developer and entered into with Developer and assigned to and assumed by the Rental Affordable Housing Developer.

D. The DDA further provides that if, notwithstanding its best efforts, a Rental Affordable Housing Developer does not secure timely financing for, or experiences construction delays or other Enforced Delays in, the construction of any of the very low and/or low income rental inclusionary housing units to be developed in a Phase by such Rental Affordable Housing Developer, or is in default under the terms of the assignment agreement entered into between Developer and such Rental Affordable Housing Developer (the "Assignment") or is otherwise in default with respect to such very low and/or low income rental inclusionary housing units to be developed by such Rental Affordable Housing Developer such that there could be a withholding of building permits and/or certificates of occupancy for market rate housing units in the Project under Attachment No.3 of the DDA (each a "Triggering Event"), Guarantor shall have the option, exercisable in its sole discretion, to execute and deliver a Completion Guaranty with respect to such very low and/or low income rental inclusionary housing units in such Phase, and, if Guarantor elects to execute and deliver this Phase Three Guaranty, the Agency shall waive, without further condition, compliance with the conditions set forth in Attachment No. 3 to the DDA for the issuance of building permits and certificates of occupancy for market rate units in the Project to the extent such conditions relate to the very low and/or low income rental inclusionary housing units to be developed in Phase Three (collectively, the "Phase Three Metering Requirements") and the Agency and the County shall continue to issue building permits and certificates of occupancy for the market rate units in the Project without regard to the

Phase Three Metering Requirements.

E. Guarantor is a related party to Developer and will receive a direct and substantive benefit from consummation of the provisions of the DDA and from the development and construction of the very low and low income rental inclusionary housing units in the Project.

F. Developer has entered into an Inclusionary Housing Agreement (Rental Units) for Phase Three dated as of June 20, 2007 (the "Phase Three Inclusionary Housing Agreement (Rental Units)"), a copy of which agreement is set forth on Exhibit "A" attached hereto. Artspace Projects, Inc., a Rental Affordable Housing Developer (the "Phase Three Affordable Builder") has assumed by Assignment the obligations of Developer under the Phase Three Inclusionary Housing Agreement (Rental Units), pursuant to which the Phase Three Affordable Builder has agreed to construct certain very low and/or low income rental inclusionary housing units in Phase Three (the "Phase Three Guaranteed Units"). A Triggering Event has occurred because the Phase Three Affordable Builder has been unable to secure timely financing and/or has encountered construction delays or other Enforced Delays.

G. In consideration of the Agency's waiver of compliance with the Phase Three Metering Requirements as a condition to the continued issuance by the County and the Agency of building permits and certificates of occupancy for the market rate units, to which the Agency and the County hereby agree as evidenced by their approval of this Phase Three Guaranty, Guarantor has elected to execute and deliver this Phase Three Guaranty to the Agency. Guarantor acknowledges that Agency would not waive such conditions but for this Phase Three Guaranty.

NOW, THEREFORE, in consideration of the foregoing recitals, the terms and conditions set forth below, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty, Guarantor hereby guarantees and agrees, as its separate and sole obligation, that Guarantor shall construct, equip, complete (with such completion to be evidenced by a certificate of occupancy) and pay for the Phase Three Guaranteed Units and perform all other obligations of Developer under the Phase Three Inclusionary Housing Agreement (Rental Units) (collectively, the "Guaranteed Obligations") by no later than March 31, 2025. As used herein, the term "market rate residential unit" does not include the units in the Town Center, the income-restricted moderate income residential units or the Workforce II Housing units. To the extent Guarantor incurs any costs in performing under this Phase Three Guaranty, the amount of any and all such costs shall be deemed Project Costs for purposes of calculating the Developer's Target IRR (as defined in Section A.3.b. of Attachment No.4 to the DDA).

2. Waivers by Guarantor.

(a) Guarantor waives any right to require the Agency to: (i) proceed first against the Phase Three Affordable Builder or Developer; (ii) proceed against or exhaust any security for the obligations of the Phase Three Affordable Builder or Developer under the Phase Three Inclusionary Housing Agreement (Rental Units) or the obligations of Guarantor hereunder; (iii) give notice of the terms, time and place of any public or private sale of any real or personal property security for any such obligations, or (iv) pursue any other remedy in the Agency's power whatsoever. Guarantor waives any defense arising by reason of any act or omission of the Agency, the County, or others which directly or indirectly results in or aids the discharge or release of the Phase Three Affordable Builder or Developer or any indebtedness or obligation or any security therefor by operation of law or otherwise. Guarantor waives all

set-offs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Phase Three Guaranty and of the existence, creation or incurring of new or additional indebtedness or obligations. Guarantor further waives the right to plead any and all statutes of limitation as a defense to any demand under or enforcement of this Phase Three Guaranty.

(b) Guarantor further waives any duty on the part of the Agency to disclose to Guarantor any facts the Agency may now have or hereafter acquire concerning the Phase Three Affordable Builder or the Developer, regardless of whether the Agency has reason to believe that any such facts materially increase the risk beyond which Guarantor has contemplated hereunder or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of the Phase Three Affordable Builder and the Developer and of all circumstances bearing on the obligations of Guarantor under this Phase Three Guaranty.

(c) Guarantor waives: (i) any defense based upon any legal disability or other defense of the Phase Three Affordable Builder or Developer, any other guarantor or other person, or by reason of the cessation or limitation of the liability of the Phase Three Affordable Builder or Developer from any cause other than full payment and performance of the Guaranteed Obligations; (ii) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of the Phase Three Affordable Builder or the Developer or any principal of the Phase Three Affordable Builder or the Developer or any defect in the formation of the Phase Three Affordable Builder or the Developer or any principal of the Phase Three Affordable Builder or the Developer; (iii) any and all rights and defenses arising out of an election of remedies by Agency, even though that election of remedies has destroyed Guarantor's rights of subrogation and reimbursement against the principal; (iv) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (v) any defense based upon Agency's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; and (vi) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code.

(d) Guarantor acknowledges and agrees that the obligations of Guarantor under this Phase Three Guaranty to the Agency are separate and independent from any obligations of the Phase Three Affordable Builder or the Developer under the Phase Three Inclusionary Housing Agreement (Rental Units), and Agency and County acknowledge and agree that this Phase Three Guaranty and the obligations of Guarantor hereunder are not intended to be and are not secured by any deed of trust or other security agreement.

3. No Release. Once this Phase Three Guaranty has become effective, and until such time as the Guaranteed Obligations are satisfied in full, Guarantor shall not be released by any act or thing which might, but for this paragraph, be deemed a legal or equitable discharge of a surety (including any act by the Agency or the County which might have the effect of destroying Guarantor's rights of subrogation against the Phase Three Affordable Builder or Developer), or by reason of any waiver, extension, modification, forbearance or delay of the Agency or the County or its failure to proceed promptly or otherwise, and Guarantor hereby expressly waives and surrenders any defense to its liability under this Phase Three Guaranty based upon any of the foregoing acts, things, agreements or waivers.

4. Subordination; Subrogation. Guarantor subordinates all present and future indebtedness owing by Developer or Phase Three Affordable Builder to Guarantor to the

obligations at any time owing by Developer or Phase Three Affordable Builder to Agency under the Phase Three Inclusionary Housing Agreement (Rental Units) (the "Subordinated Indebtedness"). Until such time as the Guaranteed Obligations are satisfied in full, Guarantor shall not exercise any rights that it might acquire by way of subrogation under this Guaranty or any other rights that it might otherwise have or acquire entitling it at any time to share or participate in any right, remedy or security of the Agency or County as against the Phase Three Affordable Builder or against Developer under the Phase Three Inclusionary Housing Agreement (Rental Units). Provided

that, following the satisfaction in full of the Guaranteed Obligations, if Guarantor shall have made any payments in furtherance of its performance under this Phase Three Guaranty, Guarantor shall, to the extent of such payments, be subrogated to the rights and remedies of the Agency and/or the County under any agreements or other documents containing the Phase Three Affordable Builder's or Developer's obligations to construct the Phase Three Guaranteed Units, subject to paragraph 2(c)(iii) hereof.

5. Representations and Warranties. Guarantor hereby makes the following representations and warranties to the Agency as of the date of this Phase Three Guaranty:

(a) Authorization and Validation. The execution, delivery and performance by Guarantor of this Phase Three Guaranty (i) is within the powers of Guarantor, (ii) has received all necessary authorizations and approvals on behalf of Guarantor, (iii) has received all necessary governmental approvals, and (iv) will not violate any provisions of law, any order of any court or other agency of government, or any indenture, agreement or any other instrument to which Guarantor is a party or by which Guarantor or any of its property is bound, or be in conflict with, result in any material breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance upon any of its property or assets, except as contemplated by the provisions of this Phase Three Guaranty. Guarantor further warrants and acknowledges that: (i) there are no conditions precedent to the effectiveness of this Phase Three Guaranty; (ii) the most recent financial statements of Guarantor previously delivered to Agency are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently applied (or other principles acceptable to Agency) and fairly present the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof which would materially adversely affect the ability of Guarantor to perform its obligations under this Phase Three Guaranty or would cause the net worth of Guarantor to fall below \$25,000,000 (indexed to the ENR Cost Index) prior to the satisfaction in full of the Guaranteed Obligations; and (iii) unless and until the Guaranteed Obligations are satisfied in full, Guarantor has not and will not, without the prior written consent of Agency, sell, lease, assign, encumber, transfer or otherwise dispose of all or substantially all of Guarantor's assets (collectively, an "Asset Transfer"), other than in the ordinary course of Guarantor's business, unless after such Asset Transfer, Guarantor has a net worth of not less than \$25,000,000 (indexed to the ENR Cost Index). The foregoing shall not prohibit Guarantor from entering into a merger or consolidation so long as until such time as the Guaranteed Obligations are satisfied in full the surviving corporation has a net worth of at least \$25,000,000 (indexed to the ENR Cost Index) and, in Agency's reasonable judgment, has expertise in the construction of multifamily housing projects in California at least equivalent to that of Guarantor.

(b) No Defaults. Guarantor is not (i) a party to any agreement or instrument that will materially interfere with its performance under this Phase Three Guaranty, or (ii) in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a

party.

(c) Compliance. Guarantor has examined and is familiar with all conditions, restrictions, reservations and zoning ordinances affecting the Phase Three Guaranteed Units.

The Phase Three Guaranteed Units shall in all material respects conform to and comply with all of the requirements of said conditions, restrictions, reservations and zoning ordinances and all construction of the Phase Three Guaranteed Units shall in all material respects conform with applicable ordinances and statutes, including subdivision laws and environmental impact laws, and shall be in accordance with all requirements of the regulatory authorities having jurisdiction therefor.

6. Notices. Any notice, demand or request by the Agency to Guarantor shall be in writing and shall be deemed to have been duly given or made if either delivered personally or if mailed by U.S. registered or certified mail as follows:

Century Communities, Inc.
8390 E. Crescent Pkwy, Suite 650
Greenwood Village, Colorado 80111
Attention: David Messenger,

CFO

7. Termination of Guaranty. Notwithstanding anything to the contrary herein contained, this Phase Three Guaranty shall automatically terminate and become null and void upon the satisfaction in full of the Guaranteed Obligations, whether by Guarantor, Developer, the Phase Three Affordable Builder, any third party to whom Guarantor sells, leases, assigns, transfers or otherwise disposes of all or substantially all of Guarantor's assets (a "Transferee") or any other person or entity; provided, however, that if all or any part of such performance is avoided or recovered directly or indirectly from the Agency as a preference, fraudulent transfer or otherwise under the Federal Bankruptcy Code or any other federal or state laws, then this Phase Three Guaranty shall be reinstated and shall remain in full force and effect.

8. Remedies. If Guarantor fails to perform its obligations when due under this Phase Three Guaranty, Agency shall be entitled to all remedies available at law and in equity with respect to such breach. Without limiting the foregoing, Agency shall have the right, from time to time and without first requiring performance by the Phase Three Affordable Builder or Developer or exhausting any remedies under the Phase Three Inclusionary Housing Agreement (Rental Units), to bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action reasonable compensation for all actual loss, cost, damage, injury and expense sustained or incurred by Agency as a direct consequence of the failure of Guarantor to perform its obligations; provided that in no circumstances shall Agency be entitled to any consequential, punitive or exemplary damages. All remedies afforded to the Agency by reason of this Phase Three Guaranty are separate and cumulative remedies and none of such remedies, whether exercised by the Agency or not, shall be deemed to be in exclusion of any one of the other remedies available to the Agency, and shall not in any way limit or prejudice any other legal or equitable remedy available to the Agency. Without limiting the foregoing, the parties hereto agree that the measure of damages recoverable by Agency by reason of Guarantor's failure to perform the Guaranteed Obligations shall be the cost to construct, equip and complete the Phase Three Guaranteed Units to the extent not constructed, equipped and completed by Guarantor, Developer, the Phase Three Affordable Builder or any Transferee, it being acknowledged and agreed by the parties that the Agency would suffer irreparable harm if the Phase Three Guaranteed Units are not constructed, equipped and completed.

9. Governing Law; Venue. This Phase Three Guaranty is and shall be deemed to be a contract entered into and pursuant to the laws of the State of California and shall in all respects be governed, construed, applied and enforced in accordance with the laws thereof. Guarantor hereby consents to venue for purposes of any action brought by the Agency under this Phase Three Guaranty in any court located in the County of Monterey, State of California.

10. Binding Effect. This Phase Three Guaranty shall inure to the benefit of the Agency and its successors and assigns and shall be binding upon the heirs, personal representatives, successors and assigns of Guarantor.

11. Severability. Should any one or more of the provisions of this Phase Three Guaranty be determined to be illegal, invalid or unenforceable, all other provisions of this Phase Three Guaranty shall remain in effect as if the provisions(s) determined to be illegal, invalid or unenforceable did not exist.

12. Attorneys' Fees and Costs. In any action or proceeding arising out of this Phase Three Guaranty, including, without limitation, any action for declaratory or injunctive relief or arising out of the termination of this Phase Three Guaranty, the prevailing party shall be entitled to recover from the losing party, as determined by the judge or presiding official, reasonable attorneys' fees and costs and expenses of investigation and/or litigation incurred, including, without limitation, those incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under Chapter 7, 11, or 13 of the United States Bankruptcy Code or any successor or similar statutes, and any judgment or decree rendered in any such actions or proceedings shall include an award thereof.

13. No Guarantee Of Phase Three Affordable Builder's Performance or DDA. This Phase Three Guaranty is a guarantee of completion by the date set forth in Section 1 hereof of the Guaranteed Obligations; it is not a guarantee of performance by the Phase Three Affordable Builder of its obligations under any agreement and is not a guarantee of the Developer's obligations under the DDA.

14. Entire Phase Three Guaranty; Amendments. Except for the relevant provisions of the Phase Three Inclusionary Housing Agreement (Rental Units), this Phase Three Guaranty embodies the entire agreement of Guarantor and the Agency with respect to the matters set forth herein, and, together with such provisions of the Phase Three Inclusionary Housing Agreement (Rental Units), supersedes all prior or contemporaneous agreements (whether oral or written) between Guarantor and the Agency with respect to the matters set forth herein. No course of prior or subsequent dealing between Guarantor and the Agency shall be used to supplement, modify or vary the terms hereof, and no term or provision of this Phase Three Guaranty may be changed, waived, revoked or amended without the prior written consent of Guarantor and the Agency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Phase Three Guaranty as of the date first above written.

CENTURY COMMUNITIES, INC., a Delaware corporation

By: _____
Name: _____
Its: _____

APPROVED:

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
COUNTY OF MONTEREY

By: _____
Executive Director

By: _____
Secretary

COUNTY OF MONTEREY

By: _____
Name: _____
Its: _____

EXHIBIT "A"
PHASE THREE INCLUSIONARY HOUSING AGREEMENT (RENTAL UNITS)