RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO EXECUTE AN AMENDMENT TO THE LONG-TERM GROUND LEASE, AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT, A REVISED AUTHORITY LOAN DOCUMENTS AND OTHER RELATED DOCUMENTS WITH JORDAN DOWNS PHASE 1B, LP (“PARTNERSHIP”) TO REDUCE THE GROUND LEASE NOTE TO $1,294,057, INCREASE THE INTEREST RATE TO 5% SIMPLE INTEREST ON ALL HACLA LOANS AND TO TRANSFER THE PARK DEVELOPMENT RESPONSIBILITY FROM THE PARTNERSHIP TO AN ADDITIONAL SERVICES AGREEMENT WITH THE MICHAELS ORGANIZATION, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH TO ALLOW FOR THE PERMANENT CONVERSION OF FINANCING FOR PHASE 1B (“NEW HARVEST”) AT JORDAN DOWNS

Douglas Guthrie Geoffrey Moen
President and CEO Director, Development Services

Purpose: To authorize the President and CEO to execute revised financing and legal documents with Jordan Downs Phase 1B, LP (“Developer” or “Partnership”) for the closing of permanent financing and stabilization of Jordan Downs Phase 1B, or New Harvest (“the Project”), a 135-unit affordable residential development, comprised of 85 replacement units, 45 regular Section 8 PBV units, 2 manager’s units, and 0.75 acres of neighborhood park space in the first phase of the Jordan Downs redevelopment.

Regarding:
On June 28, 2012, HACLA’s Board of Commissioners (“Board”) unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012 and was amended by the First Amendment to the MDA (“First Amendment”) dated July 13, 2017 and approved by Resolution No. 9327; further amended by the Second Amendment to MDA (“Second Amendment”) dated October 4, 2017 and approved by Resolution No. 9282; and further amended by the Third Amendment to MDA (“Third Amendment”) dated July 7, 2020 and approved by Resolution No. 9594.

On March 29, 2018 the Board, by Resolution 9428, authorized the President and CEO, or his designee, to enter into a Disposition and Development Agreement, long-term Ground Lease, and other related documents with Jordan Downs Phase 1B, LP and a RAD Use Agreement with the U.S. Department of Housing and Urban Development (“HUD”), for the development of Jordan Downs Phase 1B and authorizing up to $17,562,122 for the HACLA financing of the project.
Issues:

Background

The Developer obtained all of the funds necessary to finance the development of the project and initiated construction in the summer of 2018. Leasing of the units began in October 2020 and by June 21, 2021, lease up efforts are complete, and the building received its final Certificate of Occupancy.

HACLA provided New Harvest with up to $17,562,122 in cash, bridge funding and an acquisition carryback note on the Developer’s Capitalized Ground lease payment, for the vertical development of the Project, and certain off-site improvements.

Subsequent to completion of construction of the Project, and, upon analysis of the final project development costs, the Partnership disclosed it had incurred significant cost overruns due to effects of COVID-19 extending the construction period which resulted in an increase in material and financing costs. The cost overruns resulted in a financing structure that did not meet the tax-exempt bond 50% test on behalf of the Partnership’s investor limited partner (the “Equity Investor”). To qualify for 4% Low Income Housing Tax Credits (‘LIHTC’), at least 50% of eligible costs (typically the cost of land and the new buildings) in a residential rental project must be financed with tax-exempt bonds (the “50% Test”). The post construction audited cost certification must demonstrate compliance with the 50% Test for the auditor to certify compliance with tax credit regulations in Section 42 of the Internal Revenue Code. Because the amount of the bonds allocated to the Project cannot be changed, the only variable that can be adjusted at this point in order to decrease the development budget.

To assist the Developer in meeting the 50% Test while maintaining equivalency in HACLA’s economic position in the transaction, HACLA staff are recommending the restructuring of the HACLA-related loans to include: a reduction of the ground lease note to $1,294,057 from $4,600,000, accompanied by an increase in the hard debt service payment on the ground lease loan from $23,000 to $70,957 to compensate for the reduction in the principal amount of the ground lease note, removal of the park-related TCC loan of $1,300,000 from the transaction development budget, and an increase in the interest rate to 5% simple interest on all HACLA loans. These revisions in the loan terms will allow the developer to meet the 50% Test and retain the federal tax credit funding allocated to the deal. The comparative changes are set forth in the table below:
In regards to the HACLA Bridge loan funds of $4,300,000, the developer was unable to obtain alternate funds during the construction period and the funds will be used in their entirety to cover development costs and will convert into a permanent loan to be repaid from residual receipts.

Under the previously approved Loan structure, the aggregate projected payments on all the HACLA loan’s through the LIHTC compliance period (year 15, in 2037) would be approximately $2,642,340. Under the revised structure, the aggregate payments would be approximately $3,149,784. At the end of Year 15 when the Project would be re-syndicated, the accrued outstanding liability of all the HACLA loans listed above based on the increased interest rates and revised loan terms is estimated at $29,118,336 which would be paid with syndication/refinance proceeds. Under the original loan structure, the accrued outstanding liability was estimated at $23,848,430. (See Comparison Charts of original and revised loan structure below.) Therefore, HACLA’s economic position is preserved in the proposed transaction structure with the increased cashflow in the first 15 years and higher outstanding liability balances at year 15. The remainder of HACLA’s anticipated proceeds and payments from the Project remain substantially as previously contemplated and approved by the Board.

<table>
<thead>
<tr>
<th>Loan</th>
<th>Existing loan</th>
<th>Revised Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>Int rate</td>
<td>Amount</td>
</tr>
<tr>
<td>Acquisition Loan / Carryback Note (Ground Lease)</td>
<td>$4,600,000 4%</td>
<td>$1,294,057 5%</td>
</tr>
<tr>
<td>Replacement Housing Factor Funds (RHF) - Federal Funds</td>
<td>$5,356,179 3%</td>
<td>$5,356,179 5%</td>
</tr>
<tr>
<td>HACLA Bridge Funds Non-Federal Funding</td>
<td>$4,300,000 3%</td>
<td>$4,300,000 5%</td>
</tr>
<tr>
<td>HACLA/AHSC Grant fund - non-federal funds</td>
<td>$2,005,943 0%</td>
<td>$2,005,943 5%</td>
</tr>
<tr>
<td>Bridge Funding for Park (TCC)</td>
<td>$1,300,000 0%</td>
<td>$0 N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$17,562,122</strong></td>
<td><strong>$12,956,179</strong></td>
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</table>
### Revised Loan Structure

<table>
<thead>
<tr>
<th>HACLA Return Year 1-Year 15 (2037)</th>
<th>Interest rate</th>
<th>Principal remaining (Year 2037)</th>
<th>Accrued Interest (YR 2037)</th>
<th>Total Principal and accrued Interest</th>
<th>Cash to HACLA (yr. 1-15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Lease Hard Payment@ 70,957/YR</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1,064,355</td>
</tr>
<tr>
<td>Acquisition Loan / Carryback Note (Ground Lease)</td>
<td>5%</td>
<td>951,593</td>
<td>47,580</td>
<td>999,173</td>
<td>1,270,710</td>
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<tr>
<td>Replacement Housing Factor Funds (RHF) - Federal Funds</td>
<td>5%</td>
<td>5,356,179</td>
<td>4,552,752</td>
<td>9,908,931</td>
<td>438,037</td>
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<tr>
<td>HACLA Bridge Loan</td>
<td>5%</td>
<td>4,216,860</td>
<td>3,633,449</td>
<td>7,850,309</td>
<td>106,316</td>
</tr>
<tr>
<td>HACLA / AHSC Grant Funds</td>
<td>5%</td>
<td>3,968,753</td>
<td>2,325,297</td>
<td>6,294,050</td>
<td>164,049</td>
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<tr>
<td>TCC Loan Grant</td>
<td>5%</td>
<td>2,558,908</td>
<td>1,506,965</td>
<td>4,065,873</td>
<td>106,316</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>17,052,293</strong></td>
<td><strong>12,066,043</strong></td>
<td><strong>29,118,336</strong></td>
<td><strong>3,149,784</strong></td>
</tr>
</tbody>
</table>

### Original Loan Structure

<table>
<thead>
<tr>
<th>HACLA Return Year 1-Year 15 (2037)</th>
<th>Interest rate</th>
<th>Principal remaining (Year 2037)</th>
<th>Accrued Interest (YR 2037)</th>
<th>Total Principal and accrued Interest</th>
<th>Cash to HACLA (yr. 1-15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Lease Hard Payment@ 23,000/YR</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>345,000</td>
</tr>
<tr>
<td>Acquisition Loan / Carryback Note (Ground Lease)</td>
<td>4%</td>
<td>4,570,432</td>
<td>1,449,358</td>
<td>6,019,790</td>
<td>1,688,104</td>
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<tr>
<td>Replacement Housing Factor Funds (RHF) - Federal Funds</td>
<td>3%</td>
<td>5,356,179</td>
<td>2,731,651</td>
<td>8,087,830</td>
<td>609,236</td>
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<tr>
<td>Bridge Loans</td>
<td>3%</td>
<td>4,256,540</td>
<td>2,178,327</td>
<td>6,434,867</td>
<td>0</td>
</tr>
<tr>
<td>HACLA / AHSC Grant Funds</td>
<td>0%</td>
<td>2,005,943</td>
<td>0</td>
<td>2,005,943</td>
<td>0</td>
</tr>
<tr>
<td>TCC Loan Grant</td>
<td>0%</td>
<td>1,300,000</td>
<td>0</td>
<td>1,300,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>17,489,094</strong></td>
<td><strong>6,359,336</strong></td>
<td><strong>23,848,430</strong></td>
<td><strong>2,642,340</strong></td>
</tr>
</tbody>
</table>

The park related TCC loan of $1,300,000 will be removed from the Phase 1B development budget, and the park development responsibility will be transferred to an Additional Services Agreement (“ASA”) with Michaels. The Board previously approved an ASA with The Michaels Development Company I, LP, an affiliate of the Master Developer partner on October 22, 2020 to provide project management oversight services for the design and construction of key public amenities including Freedom Tree park, Century Gateway park and Children’s park. No funds were previously disbursed to the developer for the park under the Phase 1B budget and HACLA, as the recipient of the grant funds, will administer the allocated $1,300,000 of TCC funds for the park’s development.
Under the originally approved structure, the Partnership’s failure to make required payments on the Acquisition Loan would be a default under the HACLA Acquisition Leasehold Deed of Trust, allowing HACLA to foreclose on the deed of trust subject to Equity Investor and senior lender rights. Similarly, the Partnership’s failure to pay annual debt service on the Acquisition Loan under the proposed structure would be a default under the ground lease, allowing HACLA to terminate the ground lease subject to Equity Investor and senior lender rights.

Conversion to permanent financing is expected to be completed by December 31, 2021. All recommended actions, if taken by the Board, will allow the permanent conversion to move forward.

The actions recommended in this report are specific to New Harvest and its developer, Jordan Downs Phase 1B, LP, and provide for a detailed technical and structural approach to the revision of the Ground Lease, Disposition and Development Agreement and various loan and regulatory documents to conform to Phase 1B’s final scope of development and financing plan. HACLA staff, assisted by the HACLA’s outside legal counsel, Reno & Cavanaugh, PLLC, have negotiated the revisions and drafted the documents referenced in this report. These actions cover the unique approvals required by HACLA in this development as a fee owner, lender and regulatory body.

In a separate action, staff will also seek approval from the La Cienega LOMOD, Inc. (“La Cienega”) Board of Directors, as the Managing General Partner of Jordan Downs Phase 1B, LP to authorize and approve the execution of the revised Phase 1B financing documents and related documents and agreements.

The final draft versions of the revised Disposition and Development Agreement, Ground Lease and Loan Documents may require finalization of non-key provisions which the President and CEO, with the support of the HACLA’s senior staff attorneys, outside legal counsel and HACLA staff, will finalize prior to execution. Examples of such non-key provisions include completion and insertion of various supporting exhibits and documents, selection of specific terminology to appropriately refer and identify parties, events and periods and clarification of other references and concepts. The final language of such non-key provisions will not materially alter the negotiated documents or other ancillary documents or key business terms.

The Phase 1B transaction has had a positive impact on the community, has led to the addition of much needed affordable rental housing in the City of Los Angeles and has improved the lives of residents of Jordan Downs and the Watts Community. These amendments will ensure the financial viability of the site.

PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

This action will help HACLA extend the life of critical, deeply affordable housing in the City of Los Angeles to serve existing public housing residents and future income-qualified households from HACLA’s active public housing and Section 8 wait lists.
The Chief Administrative Officer confirms the following:

Source of Funds: No new funds are necessary for this transaction.

Budget and Program Impact:
HACLA will receive a priority annual hard Acquisition Loan payment of $70,597, in addition to residual receipts from the repayment of the revised Acquisition loan and all other outstanding notes. HACLA will receive 24% of the net residual cash flow, a reduction from the original 27%, towards the payment of the aforementioned project loans on a Pari passu basis with the HCD AHSC loan based on the original principal balances. The minimal decrease in the percentage of residual receipts received is due to the reduction of the principal balances of the Acquisition loan from $4,600,000 to $1,294,057. The increased annual hard payment of $70,597 from the original $23,000 compensates for the reduced residual receipts.

Environmental Review:
No new Environmental Review is necessary for these actions. A Notice of Determination was filed with the County of Los Angeles after the Board’s actions to approve financing for Phase 1B on March 29, 2018.

Section 3:
The Project will remain subject to the Section 3 obligations negotiated under the Master Development Agreement with Jordan Downs Community Partnership after permanent conversion. During the construction period, there was a total of 140 total new hires, 114 of which were Section 3 new hires (81%), significantly exceeding the desired 30% target. Of the 114 new hires, 11 were P1 (Jordan Downs residents), 58 were P2 (Residents of Watts), and 45 were P4 (income qualified residents in the city of Los Angeles). Approximately $18.5M in contracts was awarded to Section 3 business’s, comprising 48% of total contracts, which significantly exceeded the desired 10% target. The Developer will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles will continue to share in the economic benefits generated by the development.

Attachments:
1. Resolution
2. HACLA Financing Documents (revised versions)
   1. Amended and Restated Authority Acquisition Note
   2. Amended and Restated Authority AHSC Note
   3. Amended and Restated Authority Bridge Note
   4. Amended and Restated Authority Conversion Note
   5. Amended and Restated Authority Subordinate Leasehold Deed of Trust (Conversion and Bridge Loans)
   6. Amended and Restated Authority Loan Agreement
   7. First Amendment to Ground Lease
   8. First Amendment to Disposition and Development Agreement
RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO EXECUTE AN AMENDMENT TO THE LONG-TERM GROUND LEASE, AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT, A REVISED AUTHORITY LOAN DOCUMENTS AND OTHER RELATED DOCUMENTS WITH JORDAN DOWNS PHASE 1B, LP (“PARTNERSHIP”) TO REDUCE THE GROUND LEASE NOTE TO $1,294,057, INCREASE THE INTEREST RATE TO 5% SIMPLE INTEREST ON ALL HACLA LOANS AND TO TRANSFER THE PARK DEVELOPMENT RESPONSIBILITY FROM THE PARTNERSHIP TO AN ADDITIONAL SERVICES AGREEMENT WITH THE MICHAELS ORGANIZATION, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THERewith TO ALLOW FOR THE PERMANENT CONVERSION OF FINANCING FOR PHASE IB (“NEW HARVEST”) AT JORDAN DOWNS

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, Sections 34200 et seq. of the California Health and Safety Code (the “Act”), including the power to provide financing for the acquisition, construction and equipping of multifamily rental housing for persons and families of low to moderate income;

WHEREAS, HACLA is further authorized under the Act to issue bonds, notes, interim certificates, debentures, or other obligations for any of its corporate purposes and to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

WHEREAS, On March 29, 2018 the Board, by Resolution 9428, approved authorizing the President and CEO, or his designee, to enter into a Disposition and Development Agreement, long-term Ground Lease, Loan Documents and other related documents with Jordan Downs Phase 1B, LP and a RAD Use Agreement with the U.S. Department of Housing and Urban Development (“HUD”), for the development of Jordan Downs Phase 1B authorizing up to $17,562,122 towards the financing of this phase;

WHEREAS, HACLA desires to amend certain terms negotiated in the previously approved HACLA Loan Documents, and Ground Lease, Disposition and Development Agreement and other related ancillary documents; and

WHEREAS, forms of the revised following major HACLA transaction documents have been presented at this meeting:

1. Amended and Restated Authority Acquisition Note
2. Amended and Restated Authority AHSC Note
3. Amended and Restated Authority Bridge Note
4. Amended and Restated Authority Conversion Note
5. Amended and Restated Authority Subordinate Leasehold Deed of Trust (Conversion and Bridge Loans)
6. Amended and Restated Authority Loan Agreement
7. First Amendment to Ground Lease
8. First Amendment to Disposition and Development Agreement
NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

A. The form and content of the First Amendment to Ground Lease, First Amendment to Disposition and Development Agreement, Amended and Restated Authority Acquisition Note, Amended and Restated Authority AHSC Note, Amended and Restated Authority Bridge Note, Amended and Restated Authority Conversion Note, Amended and Restated Authority Loan Agreement, and Amended and Restated Subordinate Leasehold Deed of Trust (Conversion and Bridge Loans) attached hereto, and all HACLA ancillary transaction documents (collectively, the “HACLA Documents”) subject to any required approval by HUD; and

B. The President and Chief Executive Officer, or his designee, including the Chief Administrative Officer, the Chief Development Officer and the Chief Programs Officer (the “Designated Officers”), are hereby authorized and directed, for and on behalf of and in the name of HACLA, to execute and attest the HACLA Documents and any other documents, agreements and certificates necessary to accomplish the transaction contemplated by this Resolution, with such changes therein as approved with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof;

BE IT FURTHER RESOLVED that the “Designated Officers” of HACLA referred to herein are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Strategic Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
</tr>
</tbody>
</table>
BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: ___________________________
Cielo Castro, Chairperson

APPROVED AS TO FORM:

BY: __________________________
James Johnson, General Counsel

DATE ADOPTED: ________________
ATTACHMENT 2

HACLA Financing Documents (revised versions)
AMENDED AND RESTATED AUTHORITY ACQUISITION NOTE
(Jordan Downs Phase 1B)

$1,294,057.00 Los Angeles, California
As of June 1, 2018

THIS AMENDED AND RESTATED AUTHORITY ACQUISITION NOTE – JORDAN DOWNS PHASE 1B (THIS “NOTE”) AMENDS AND RESTATES, BUT IS NOT A NOVATION OF THE AUTHORITY ACQUISITION NOTE DATED JUNE 1, 2018, IN THE ORIGINAL PRINCIPAL AMOUNT OF $4,600,000 (AS AMENDED FROM TIME TO TIME, THE “PRIOR NOTE”), EXECUTED BY BORROWER (AS DEFINED BELOW) IN FAVOR OF LENDER (AS DEFINED BELOW). THIS AMENDMENT AND RESTATEMENT IS ONLY A MODIFICATION OF THE PRIOR NOTE AND, EXCEPT FOR THE MODIFICATIONS SET FORTH HEREIN, THE DEBT OF THE PRIOR NOTE (AS AMENDED AND RESTATATED HEREBY) SHALL BE AND REMAIN IN FULL FORCE AND EFFECT WITH THE CHANGES HEREIN DEEMED TO BE INCORPORATED THEREIN. THIS AMENDMENT AND RESTATEMENT DOES NOT OPERATE AS A PAYMENT, SATISFACTION, OR DISCHARGE OF THE LIABILITIES OR OBLIGATIONS EVIDENCED BY THE PRIOR NOTE. THIS AMENDMENT AND RESTATEMENT SHALL NOT RELEASE OR AFFECT THE LIABILITY OF ANY BORROWER, GUARANTOR, SURETY, OR ENDORSER OF, OR OTHERWISE AFFECT IN ANY MANNER WHATSOEVER ANY COLLATERAL SECURING THE PAYMENT OF, THE PRIOR NOTE, AS AMENDED AND RESTATATED HEREBY.

FOR VALUE RECEIVED, Jordan Downs Phase 1B, LP, a California limited partnership (the “Borrower”), hereby promises to pay, in lawful money of the United States of America, to the order of Housing Authority of the City of Los Angeles, its successors and assigns (the “Lender”) the principal sum of One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00) with interest from the date hereof on the principal balance outstanding from time to time at the rate determined as hereinafter set forth. Capitalized terms not otherwise defined in this Amended and Restated Authority Acquisition Note (this “Note”) shall have the meaning set forth in the Ground Lease between Borrower and Lender dated as of June 1, 2018, as amended by that certain First Amendment to Ground Lease Agreement of substantially even date herewith (collectively, the “Ground Lease”).

Interest shall accrue on the principal balance outstanding from time to time at the fixed rate per annum stated below (computed on the basis of a 365-day year and actual days elapsed). Interest shall commence at Closing and shall accrue thereafter at a rate equal to the interest rate stated below on the outstanding principal balance.

The interest rate on this Note shall be five percent (5%) simple interest per annum.

All unpaid interest and principal shall be due and payable on the date that is fifty-five (55) years from Conversion.

Commencing at Conversion, principal and interest shall be payable as (i) an annual installment of Seventy Thousand Nine Hundred Fifty-Seven Dollars ($70,957.00) which shall commence the year following Conversion, and (ii) an annual payment to the extent available from
Net Cash Flow of the Borrower, in the priority set forth in the Distribution of Net Cash Flow at Exhibit A attached hereto. Such payments shall be applied first to accrued interest, if any, then to principal. The Borrower may prepay the outstanding principal balance of this Note, in full or in part, at any time without penalty or premium.

This Note shall become due and payable in full in the event of (a) a Transfer that is not permitted under the Ground Lease or approved by Lender, subject to the cure periods set forth in Section 13.4(a) of the Ground Lease, (ii) the date of any “Event of Default”, as defined and provided for in the Ground Lease, the Deed of Trust, or of any uncured breach or default under any of the other “Loan Documents” (as such term is defined in the Deed of Trust), and (iii) the expiration or earlier termination of the Ground Lease.

Payments of principal, interest, and all other amounts hereunder shall be made in currency of the United States to the Lender at its principal office in Los Angeles, California, or such other place as the Lender may designate from time to time in writing.

The Borrower agrees to the full extent permitted by law that in case of a default hereunder, neither the Borrower nor anyone claiming through or under the Borrower shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension, or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the Deed of Trust, or the absolute sale of any collateral, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and the Borrower, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising any collateral marshalled upon any enforcement or foreclosure of the lien of the Deed of Trust, or to have any collateral appraised for the purpose of reducing any deficiency judgment obtained against the Borrower upon enforcement or foreclosure of the Deed of Trust and the Borrower further agrees that the Lender or any court having jurisdiction to foreclose such lien may sell any collateral, in part or as an entirety.

The obligations of the Borrower to make the payments required to be made hereunder shall be absolute and unconditional, and shall not be subject to diminution by set-off, counterclaim, abatement, or otherwise (except in connection with a judicial proceeding involving a claim asserted by the Lender under this Note wherein the failure by the Borrower to raise as a defense any such set-off, counterclaim, or abatement would, pursuant to applicable law, operate as a permanent bar to the Borrower's asserting in a separate judicial proceeding a claim against the Lender based upon such set-off, counterclaim, or abatement). Until such time as the principal of, interest on, and all other amounts due under this Note shall have been fully paid, the Borrower shall not suspend or discontinue any payments required to be made hereunder except to the extent of any prepayment hereof.

Upon the occurrence of a default in the payment of any amount due hereunder continuing uncured beyond ten (10) days from the date the Lender gives written notice to the Borrower of such default, the principal of, interest on, and all other amounts owing under this Note may be declared due and payable.
If it is necessary for the Lender to employ attorneys or incur expenses for the collection of amounts payable hereunder, all costs and expenses incident to such collection, including without limitation reasonable fees of such attorneys, shall be added to the principal amount hereof and be collectible as a part hereof.

The Borrower (and any other person becoming obligated hereunder) hereby waives presentment, demand, dishonor, protest, notice for payment, notice of nonpayment, notice of default, notice of compromise or surrender, and any other demand or notice whatsoever in connection with payment of this Note. Failure to accelerate the debt evidenced hereby by reason of the occurrence of an event of default, or the acceptance of a past due payment of interest or principal, or any other waiver, extension, or forbearance of any kind shall not be construed as a novation or a waiver of the right of the Lender to thereafter insist upon strict compliance with the terms hereof without previous notice of such intention being given to the Borrower.

Except as provided below in this paragraph, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, the Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender hereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Authority under Sections 7.3 and 10.3 of the Ground Lease, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the loan contemplated by this Note shall be subordinate and junior to the Construction First Mortgage Loan and the Permanent First Mortgage Loan.

This Note shall be governed by and construed in accordance with the laws of the State of California.

[SIGNATURE PAGE FOLLOWS]
In witness whereof, the Borrower has caused this Note to be executed, sealed and delivered, as of the date first above written.

**BORROWER:**

**JORDAN DOWNS PHASE 1B, LP,**

a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,

a California limited liability company

its administrative general partner

By: _______________________________

Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,

a California nonprofit public benefit corporation,

its managing general partner

By: _______________________________

Tina Smith-Booth
President

**AGREED AND CONSENTED TO BY:**

**LENDER:**

**HOUSING AUTHORITY OF CITY OF LOS ANGELES,**

a public body, corporate and politic

By: _______________________________

Douglas Guthrie
President and Chief Executive Officer
EXHIBIT A

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

Third, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

Fourth, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

Fifth, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Eighth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

Ninth, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
AMENDED AND RESTATED
AUTHORITY AHSC NOTE
(Jordan Downs Phase 1B)

$2,005,943.00
Los Angeles, California
As of June 1, 2018


FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to Two Million Five Thousand Nine Hundred Forty-Three Dollars ($2,005,943.00) (the “AHSC Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Promissory Note (this “Note”) and secured by that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing for the benefit of the Housing Authority of the City of Los Angeles (the “Lender”) dated as of June 1, 2018 and recorded in the Official Records Recorder’s Office of Los Angeles County, California on June 14, 2018 as File No. 20180590868 (the “Deed of Trust”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Defined Terms. Capitalized terms used but not defined herein shall have the meaning set forth in the Deed of Trust.

(2) Advances. All funds shall be deemed advanced as of the date hereof. The Borrower shall comply with the terms of the Deed of Trust and the HCD Requirements.

(3) Payment Terms.
(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) Interest shall accrue on the unpaid principal balance at a rate of five percent (5%) simple interest per annum (the “Interest Rate”).

(c) The term of this Note (the “Term”) commences with the date of this Note and expires fifty-five (55) years from the date of the conversion of the construction financing for the Improvements to permanent financing, but in no event later than December 1, 2075. All principal and accrued interest owed under this Note is due in full on the earlier to occur of: (i) the date of any Default, (ii) the expiration of the Term, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender.

(4) Payment of this Note is secured by the Deed of Trust encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Deed of Trust, any of the following shall constitute an “Event of Default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Event of Default” under the Deed of Trust, as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or
at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Deed of Trust, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Deed of Trust, contains the entire agreement between the parties as to the AHSC Loan. It may not be modified except upon written consent of the parties.
(g) Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the AHSC Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Article 6 of the Deed of Trust, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the AHSC Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to that certain deed of trust loan made to Borrower by the lender of the Construction First Mortgage Loan and the lender of the Permanent First Mortgage Loan (as each is defined in the Ground Lease).

[Signature Page Follows]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: ________________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: ________________________________
Tina Smith-Booth
President

AGREED AND CONSENTED TO BY:

LENDER:

HOUSING AUTHORITY OF CITY OF LOS ANGELES,
a public body, corporate and politic

By: _______________________________________
Douglas Guthrie
President and Chief Executive Officer
AMENDED AND RESTATED
AUTHORITY CONVERSION NOTE
(Jordan Downs Phase 1B)

$5,356,179.00 Los Angeles, California
As of June 1, 2018

THIS AMENDED AND RESTATED AUTHORITY CONVERSION NOTE – JORDAN
DOWNS PHASE 1B (THIS “NOTE”) AMENDS AND RESTATES, BUT IS NOT A
NOVATION OF THE AUTHORITY CONVERSION NOTE, DATED JUNE 1, 2018, IN THE
ORIGINAL PRINCIPAL AMOUNT OF $5,356,179 (AS AMENDED FROM TIME TO TIME,
THE “PRIOR NOTE”), EXECUTED BY BORROWER (AS DEFINED BELOW) IN FAVOR
OF LENDER (AS DEFINED BELOW). THIS AMENDMENT AND RESTATEMENT IS ONLY
A MODIFICATION OF THE PRIOR NOTE AND, EXCEPT FOR THE MODIFICATIONS SET
FORTH HEREIN, THE DEBT OF THE PRIOR NOTE (AS AMENDED AND RESTATED
HEREBY) SHALL BE AND REMAIN IN FULL FORCE AND EFFECT WITH THE
CHANGES HEREIN DEEMED TO BE INCORPORATED THEREIN. THIS AMENDMENT
AND RESTATEMENT DOES NOT OPERATE AS A PAYMENT, SATISFACTION, OR
DISCHARGE OF THE LIABILITIES OR OBLIGATIONS EVIDENCED BY THE PRIOR
NOTE. THIS AMENDMENT AND RESTATEMENT SHALL NOT RELEASE OR AFFECT
THE LIABILITY OF ANY BORROWER, GUARANTOR, SURETY, OR ENDORSER OF, OR
OTHERWISE AFFECT IN ANY MANNER WHATSOEVER ANY COLLATERAL
SECURING THE PAYMENT OF, THE PRIOR NOTE, AS AMENDED AND RESTATED
HEREBY.

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum
of up to Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars
($5,356,179.00) (the “Authority Conversion Loan”), or so much thereof as may be advanced to
the Borrower pursuant to this Promissory Note (this “Note”) and that certain Amended and
Restated Authority Loan Agreement by and between the Borrower and the Housing Authority of
the City of Los Angeles (the “Lender”) dated of even date herewith (the “Loan Agreement”),
with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful
money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in
the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of
the Loan Agreement.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing
Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at
such other place as the Lender hereof may from time to time designate in writing.
(b) Interest shall accrue on the unpaid principal balance at a rate of five percent (5%) simple interest per annum (the “Interest Rate”).

(c) Payments of principal and any accrued interest shall be due and payable under this Note as follows:

(i) Immediately upon closing of a loan or grant to Borrower or any affiliate of Borrower from the Federal Home Loan Bank (the “AHP Loan”) and after repayment of the Authority Bridge Loan, the Authority Conversion Loan shall be due and payable from the proceeds of the AHP Loan, if any, pursuant to the Loan Agreement; provided, however, that if proceeds of the AHP Loan are insufficient to repay the entire Authority Conversion Loan, the remaining balance of the Authority Conversion Loan shall be repaid in accordance with subsection (ii) of this Section (c); and

(ii) Commencing the year following Conversion, the Authority Conversion Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority Conversion Loan shall be due and payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal balance and all interest accrued on the Authority Conversion Loan thereon may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Amended and Restated Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) dated as of ____________, executed by the Borrower for the benefit of the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other
promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.
(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority Conversion Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority Conversion Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority Conversion Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to that certain deed of trust loan made to Borrower by the lender of the Construction First Mortgage Loan and the lender of the Permanent First Mortgage Loan.
(i) **Exhibit A**, attached hereto, is hereby incorporated into this Note.

[Signature Page Follows]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

**BORROWER:**

**JORDAN DOWNS PHASE 1B, LP,**
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By:

Milton R. Pratt, Jr.
Vice President

By:

La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By:

Tina Smith-Booth
President

**AGREED AND CONSENTED TO BY:**

**LENDER:**

**HOUSING AUTHORITY OF CITY OF LOS ANGELES,**
a public body, corporate and politic

By:

Douglas Guthrie
President and Chief Executive Officer
EXHIBIT A

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

Third, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

Fourth, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

Fifth, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Eighth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

Ninth, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
AMENDED AND RESTATED
AUTHORITY BRIDGE NOTE
(Jordan Downs Phase 1B)

$4,050,000.00

Los Angeles, California
As of June 1, 2018

THIS AMENDED AND RESTATED AUTHORITY BRIDGE NOTE – JORDAN DOWNS PHASE 1B (THIS “NOTE”) AMENDS AND RESTATES, BUT IS NOT A NOVATION OF THE AUTHORITY BRIDGE NOTE, DATED JUNE 1, 2018, IN THE ORIGINAL PRINCIPAL AMOUNT OF $4,050,000 (AS AMENDED FROM TIME TO TIME, THE “PRIOR NOTE”), EXECUTED BY BORROWER (AS DEFINED BELOW) IN FAVOR OF LENDER (AS DEFINED BELOW). THIS AMENDMENT AND RESTATEMENT IS ONLY A MODIFICATION OF THE PRIOR NOTE AND, EXCEPT FOR THE MODIFICATIONS SET FORTH HEREIN, THE DEBT OF THE PRIOR NOTE (AS AMENDED AND RESTATED HEREBY) SHALL BE AND REMAIN IN FULL FORCE AND EFFECT WITH THE CHANGES HEREIN DEEMED TO BE INCORPORATED THEREIN. THIS AMENDMENT AND RESTATEMENT DOES NOT OPERATE AS A PAYMENT, SATISFACTION, OR DISCHARGE OF THE LIABILITIES OR OBLIGATIONS EVIDENCED BY THE PRIOR NOTE. THIS AMENDMENT AND RESTATEMENT SHALL NOT RELEASE OR AFFECT THE LIABILITY OF ANY BORROWER, GUARANTOR, SURETY, OR ENDORSER OF, OR OTHERWISE AFFECT IN ANY MANNER WHATSOEVER ANY COLLATERAL SECURING THE PAYMENT OF, THE PRIOR NOTE, AS AMENDED AND RESTATED HEREBY.

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to Four Million Fifty  Thousand Dollars ($4,050,000.00) (the “Authority Bridge Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Amended and Restated Authority Bridge Note (this “Note”) and that certain Amended and Restated Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of __________, 2021 (the “Loan Agreement”), with interest as provided herein from the date first set forth above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Reserved.

(3) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement.

(4) Payment Terms.
(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) Interest shall accrue on the unpaid principal balance at a rate of five percent (5%) simple interest per annum (the “Interest Rate”).

(c) Payments of principal and any accrued interest shall be due and payable under this Note as follows:

(i) Immediately upon closing of a loan or grant to Borrower or any affiliate of Borrower from the Federal Home Loan Bank (the “AHP Loan”), the Authority Bridge Loan shall be due and payable from the proceeds of the AHP Loan, if any, pursuant to the Loan Agreement; provided, however, that if proceeds of the AHP Loan are insufficient to repay the entire Authority Bridge Loan, the remaining balance of the Authority Bridge Loan shall be repaid in accordance with subsection (ii) of this Section (c); and

(ii) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority Bridge Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority Bridge Loan shall be due and payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal balance and all interest accrued on the Authority Bridge Loan thereon may be prepaid at any time, without charge or penalty.

(5) Payment of this Note is secured by an Amended and Restated Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) dated as of __________, 2021, executed by the Borrower for the benefit of the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(6) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;
(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 6(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(7) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.


(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.
(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority Bridge Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority Bridge Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and defaults by the Borrower in the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority Bridge Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to that certain deed of trust loan made
to Borrower by the lender of the Construction First Mortgage Loan and the lender of the Permanent First Mortgage Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[Signature Page Follows]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By:  __________________________________________
Milton R. Pratt, Jr.
Vice President

By:  __________________________________________
Tina Smith-Booth
President

AGREED AND CONSENTED TO BY:

LENDER:

HOUSING AUTHORITY OF CITY OF LOS ANGELES,
a public body, corporate and politic

By:  __________________________________________
Douglas Guthrie
President and Chief Executive Officer
Exhibit A

Distribution of Net Cash Flow

[to be attached]
EXHIBIT A

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

**First**, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

**Second**, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

**Third**, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

**Fourth**, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

**Fifth**, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

**Sixth**, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

**Seventh**, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

**Eighth**, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

**Ninth**, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
AMENDED AND RESTATED AUTHORITY LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE 1B, LP
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HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
AMENDED AND RESTATED AUTHORITY LOAN AGREEMENT

Jordan Downs Phase 1B

This Amended and Restated Authority Loan Agreement (this “Agreement”) is entered into as of ___________, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”), and JORDAN DOWNS PHASE 1B, LP, a California limited partnership (the “Borrower” and together with the Authority, the “Parties”), with reference to the following facts:

A. The Borrower and Authority entered into that certain Authority Loan Agreement dated as of June 1, 2018, as amended by that certain First Amendment to Authority Loan Agreement on June 13, 2020 (collectively, the “Original Agreement”).

B. The Authority owns that certain unimproved real property located in the City of Los Angeles, California, as more particularly described in Exhibit A-1 attached hereto (the “Property”).

C. The Borrower is a California limited partnership duly formed and authorized to do business in the State of California as Jordan Downs Phase 1B, LP, a California limited partnership, having Jordan Downs Phase 1B-Michaels, LLC, a California limited liability company, as its administrative general partner (the “Administrative General Partner”) and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, as its managing general partner (the “Managing General Partner”).

D. The Borrower desires to construct approximately one hundred thirty-five (135) residential units (including two (2) manager's unit), and other ancillary improvements (collectively, the “Improvements”) on the Property.

E. The Borrower intends to construct the Improvements partially with the assistance of funds provided under this Agreement.

F. Pursuant to a ground lease between the Authority and the Borrower (the “Ground Lease”), the Authority will lease the Property to the Borrower and the Borrower will hold a fee interest in the Improvements to be constructed on the Property.

G. The Parties acknowledge that, pursuant to that certain Purchase Option Agreement and that certain Right of First Refusal Agreement, both dated as of June 1, 2018, the Authority, or its affiliate, has an option to purchase the Improvements.

H. Pursuant to the Original Agreement, the Borrower agreed to borrow and the Authority agreed to lend (i) an Authority Conversion Loan (defined hereinafter); (ii) an Authority Bridge Loan (defined hereinafter); and (iii) a loan in the maximum principal amount of the One Million Three Hundred Thousand Dollars ($1,300,000) available to the Authority under a
Transformative Climate Communities Program Grant from the State of California (the “Authority TCC Loan”).

I. The Borrower agreed to use the proceeds of the Authority TCC Loan for the development of certain park improvements, commonly referred to as Freedom Tree Park (the “Park Improvements”).

J. The Authority Conversion Loan was evidenced by that certain Authority Conversion Note, the Authority Bridge Loan was evidenced by that certain Authority Bridge Note, and the Authority TCC Loan was evidenced by that certain Authority TCC Note, each dated as of June 1, 2018, made by the Borrower payable to the Authority and secured by that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security, Agreement, and Fixture Filing – Authority Loans, executed by the Borrower for the benefit of the Authority, dated as of June 1, 2018 and recorded on June 14, 2018 in the Los Angeles County, California real property records as Document Number 2018059066 (the “Original Deed of Trust”).

K. The Authority and Borrower acknowledge and have agreed that (i) the Authority has not disbursed or booked any disbursements of Authority TCC Loan proceeds, (ii) the Borrower has not received or booked receipt of any Authority TCC Loan proceeds, (iii) the Authority will not disburse any Authority TCC Loan proceeds to the Borrower, and (iv) the Park improvements will not be constructed or funded by the Borrower with proceeds of the Authority TCC Loan.

L. Concurrently herewith, the Authority and Borrower intend to (i) amend, restate, and otherwise modify the Authority Conversion Note and the Authority Bridge Note, (ii) terminate the promissory note evidencing the Authority TCC Loan, and (iii) amend and restate the Original Deed of Trust.

M. The Authority and Borrower desire to modify, amend, and restate the terms of the Original Agreement on the terms and subject to the conditions set forth in this Agreement, to reflect the understanding of the Parties.

NOW, THEREFORE, the Parties agree to the terms of this Agreement as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) “Agreement” shall mean this Amended and Restated Authority Loan Agreement.

(b) “Approved Development Budget” shall mean the proforma development budget, including sources and uses of funds, as approved by the Authority, and attached hereto and incorporated herein as Exhibit B.

(c) “Approved Financing” shall mean all of the following loans and equity acquired or to be acquired by the Borrower and approved by the Authority for the purpose of financing the
Project, in addition to the Loan as defined herein (and future refinancing of the Approved Financing with the prior written approval of the Authority pursuant to Section 4.13(d)):

(1) A construction loan from Bank of America, N.A., in the total approximate amount of Thirty Two Million Six Hundred Fifty Thousand Dollars ($32,650,000.00), funded with proceeds from the sale of Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (Jordan Downs Phase 1B Apartments) Series 2018A-1 issued by the City of Los Angeles (the “Construction First Mortgage Loan”);

(2) A Fannie Mae permanent loan from Berkadia Commercial Mortgage LLC, in the approximate amount of Eighteen Million Nine Hundred Seventeen Thousand Five Hundred Dollars ($18,917,500.00) (the “Permanent First Mortgage Loan”) which amount is subject to Fannie Mae underwriting requirements at conversion and which Permanent Mortgage Loan shall be sold and assigned to Fannie Mae at conversion;

(3) An acquisition loan from the Authority in the approximate amount of One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00) (the “Authority Acquisition Loan”);

(4) A conversion loan from the Authority in the maximum principal amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) (the “Authority Conversion Loan”);

(5) A bridge loan from the Authority in the approximate original amount of Four Million Fifty Thousand Dollars ($4,050,000.00) [which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00) pursuant to the terms of the Authority Bridge Note and the B-Permit Note] (the “Authority Bridge Loan”);

(6) Investor equity funds generated from the sale of Low Income Housing Tax Credits in the approximate amount of Twenty-Five Million Three Hundred Ninety-Three Thousand Six Hundred Seven Dollars ($25,393,706.00) (the “Tax Credit Equity”);

(7) An Affordable Housing and Sustainable Communities loan in the approximate amount of Nine Million Nine Hundred Thirty-Nine Thousand One Hundred Sixty-Eight Dollars ($9,939,168.00) (the “HCD Loan”);

(8) An Affordable Housing and Sustainable Communities loan from the Authority in the approximate amount of Two Million Five Hundred Thousand Nine Hundred Forty-Three Dollars ($2,005,943.00) (the “HCD Grant”);

(9) A loan from the Authority in the maximum principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) pursuant to that certain B-Permit Reimbursement and Offsite Improvement Access Agreement (the “B-Permit Agreement”) and that certain Lilac B-Permit Reimbursement Note (the “B-Permit Note”), each dated as of June 1, 2018, for the development of the Lilac Street Improvements (as defined in the B-Permit Agreement) (the “B-Permit Loan”). The B-Permit Note and repayment obligations thereunder were assigned by
Borrower to Primestor Jordan Downs LLC, with the consent of the Authority, pursuant to that certain Assignment of B-Permit Reimbursement Loan Documents, dated as of June 15, 2015; and

(10) If obtained by Borrower, an Affordable Housing Program loan from the Federal Home Loan Bank in the approximate amount of One Million Dollars ($1,000,000.00) (the "AHP Loan").

(d) "Authority" shall mean the Housing Authority of the City of Los Angeles, a public body, corporate and politic.

(e) "Authority Bridge Loan" shall mean the loan to the Borrower pursuant to this Agreement in the maximum original principal amount of Four Million Fifty Thousand Dollars ($4,050,000.00) [which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00) pursuant to the Authority Bridge Note and B-Permit Note], advanced for the purpose of bridging construction financing to Borrower between Closing and Borrower’s anticipated closing on the AHP Loan and, to the extent necessary, and filling any gap between the other sources of Approved Financing and actual uses, up to the amount set forth in the Approved Development Budget.

(f) "Authority Bridge Note" shall mean that certain Amended and Restated Authority Bridge Note dated as of June 1, 2018 evidencing the Authority Bridge Loan and secured by the Deed of Trust.

(g) "Authority Conversion Loan" shall mean the loan to the Borrower pursuant to this Agreement in the maximum principal amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00), consisting of Replacement Housing Factor funds and Demolition and Disposition Transitional Funding converted pursuant to the RAD Program.

(h) "Authority Conversion Note" shall mean that certain Amended and Restated Authority Conversion Note dated as of June 1, 2018 evidencing the Authority Conversion Loan and secured by the Deed of Trust.

(i) "Authority Coordination Fee" shall mean One Hundred Twenty Thousand Dollars ($120,000.00) paid to the Authority at Closing for the Authority’s coordination of relocation and Project site preparation functions during development of the Project.

(j) Reserved.

(k) Reserved.

(l) "Borrower" shall mean Jordan Downs Phase 1B, LP, a California limited partnership.
(m) “Borrower’s Leasehold Estate” shall mean the Borrower's leasehold interest in the Property acquired pursuant to the Ground Lease and any fee or other interest in the Property acquired by the Borrower hereafter.

(n) “B-Permit Improvements” shall mean certain off-site improvements required by the City to be constructed as a condition of the construction of the Improvements. The B-Permit Improvements are more fully described in Exhibit C-2.

(o) “Build First and Right to Return Commitment” shall mean the Authority and Borrower’s commitment to building units at the Project before relocating residents from the existing Jordan Downs site and the right of residents of Jordan Downs with Declaration of Right to Retain Tenancy Certificate to return to newly developed housing in the Project and/or subsequent phases;

(p) “CEQA” shall mean the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

(q) “City” shall mean the City of Los Angeles, California.

(r) “City Building Department” shall mean the City of Los Angeles Department of Building and Safety.

(s) “Closing” shall mean the date on which the Property is conveyed to the Borrower pursuant to the Ground Lease and the Deed of Trust is recorded against the Borrower's Leasehold Estate.

(t) “Construction Contract” means a contract for construction of the Project by and between the Borrower and the Contractor pursuant to the Disposition and Development Agreement.

(u) “Construction Section 3 Plan” shall have the meaning set forth in Section 3.7 of the Ground Lease.

(v) “Conversion” means the date that the Construction First Mortgage is paid in full or converted into permanent financing in whole or in part.

(w) “Contractor” shall mean WPIC Construction LLC the general contractor for the Project.

(x) “Conversion Conditions (Construction)” means that: (a) construction of the Project has been completed pursuant to the approved plans and specifications and in a good and workmanlike manner by December 31, 2021 and all governmental approvals regarding same have been obtained, including certificates of occupancy and (b) no Default or event of Default then exists.
(y) "Declaration of Right to Retain Tenancy Certificate" means the certificate issued by the Authority evidencing a resident’s right to return.

(z) "Deed of Trust" shall mean the Original Deed of Trust as amended and restated by that certain Amended and Restated Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority Loans of substantially even date herewith that will encumber the Improvements to secure repayment of the Loan in the form provided by the Authority.

(aa) "Default" shall have the meaning set forth in Section 5.1 below.

(bb) "Developer" shall mean The Michaels Development Company I, L.P., a New Jersey limited partnership.

(cc) "Disadvantaged Worker" for purposes of this Agreement, means an individual whose primary place of residence is in the City, and who, prior to commencing work on the Redevelopment, either: (a) has a household income of less than fifty percent (50%) of Area Median Income or (b) faces at least one of the following barriers to employment: (i) is homeless, (ii) is a custodial single parent, (iii) is receiving public assistance; (iv) lacks a GED or a high school diploma, (v) has a criminal record or other involvement with the criminal justice system, or (vi) suffers from chronic unemployment.

(dd) "Disposition and Development Agreement" shall mean that certain Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community between the Authority and the Borrower, dated as of June 1, 2018, as amended by that certain First Amendment to Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community of even date herewith.

(ee) "Distribution of Net Cash Flow" shall refer to the agreed priority for the distribution of Net Cash Flow as reflected at Exhibit F.

(ff) "Draw Schedule" shall mean the schedule of draws included in the Approved Development Budget and attached hereto as Exhibit E-1 that projects the relative amounts to be drawn on the various components of the Approved Financing during construction and stabilization of the Project and the timing and sequencing of same.

(gg) "Financing Plan" shall mean the plan developed by the Borrower that includes:

(i) the Approved Development Budget;

(ii) the sources and uses analysis for the construction period for the Project, including an analysis of subsidized financing necessary from public entities, if any;

(iii) the sources and uses analysis from the date of the origination of the permanent financing, including an analysis of subsidized financing from public entities for the Project, if any;
(iv) the twenty (20)-year cash flow projections for the Improvements, including an analysis from the projected date of the issuance of the Certificate of Occupancy;

(v) the initial operating budget for the Improvements, including without limitation an operating reserve fund and capital replacement reserve fund;

(vi) all underlying assumptions for each of the above, including terms, conditions, and pricing of all debt and equity; and

(vii) a rent schedule showing the number of units by bedroom size and rent amount.

(hh) “First Mortgage Construction Lender Subordination Agreement” shall mean that certain Subordination Agreement (Jordan Downs – Housing Authority) by and among the Authority, Borrower and the Construction First Mortgage Lender dated as of June 1, 2018 and recorded on June 14, 2018 in the Los Angeles County, California real property records as Document Number 20180590870.

(ii) “Ground Lease” shall mean the lease entered into between the Authority, as landlord, and the Borrower, as tenant, creating Borrower's Leasehold Estate, dated as of June 1, 2018, as amended by that certain First Amendment to Ground Lease of substantially even date herewith.

(jj) “Hazardous Materials” or “Hazardous Substance” shall mean any oil or any fraction thereof or petroleum products or “hazardous substance” as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14) or 25281(h) or Section 25316 of the California Health and Safety Code at such time; any “hazardous waste,” “infectious waste” or “hazardous material” as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time; any other waste, substance or material designated or regulated in any way as “toxic” or “hazardous” in the RCRA (42 U.S.C. § 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), Safe Drinking Water Act (42 U.S.C. § 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), Clean Air Act (42 U.S.C. § 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.) at such time; and any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Property, but excluding any substances or materials used in the construction, development, maintenance or operation of the Project, so long as the same are used in accordance with all applicable laws.

(kk) “Hazardous Materials Claim” shall have the meaning set forth in Section 4.7 below.

(ll) “Hazardous Materials Law” shall have the meaning set forth in Section 4.7 below.

(mm) “HCD” shall mean the State of California Department of Housing and Community Development, the lender of the HCD Loan and grantor of the HCD Grant.
“Improvements” shall mean approximately one hundred thirty-five (135) units of rental housing, including two (2) managers’ unit, and related ancillary improvements. The residential units included within the Improvements include, one hundred thirty-two (132) Low Income Housing Tax Credit units, including RAD Units and PBV Units. The Improvements are more fully described in Exhibit C-1.

“Investor” shall mean (i) Riverside Affordable Housing Fund 37, LLC, a New Jersey limited liability company, the investor limited partner of Borrower, and (ii) Riverside Manager Jordan Downs, LLC, a New Jersey limited liability company, the special limited partner of Borrower, together with the beneficiaries, successors, and assigns of same.

“Loan” shall mean, collectively, the Authority Conversion Loan and the Authority Bridge Loan.

“Loan Documents” shall mean this Agreement, the Note, and the Deed of Trust, all dated the same date as this Agreement.

“Loan Maturity Date” means, for the Authority Bridge Loan and the Authority Conversion Loan, the earlier of (a) fifty-five (55) years from the date of Conversion, which shall be determined by the date of issuance of a certificate of occupancy for all Units in the Project, or (b) the date on which the principal amount of the Loan has been declared or automatically has become due and payable (whether by acceleration or otherwise).

“Master Development Agreement” shall mean that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended by that certain (i) Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement, dated July 13, 2017, and (ii) Second Amendment to Master Development Agreement, dated October 4, 2017, to which the Authority and Developer are parties, as may be further amended.

“NEPA” shall mean the National Environmental Policy Act (42 U.S.C. § 4321 et seq.).

“Net Cash Flow” shall mean the sum of (i) all cash received from rents, lease payments and all other sources, including payments received pursuant to any Section 8 Project-Based Voucher Housing Assistance Payments Contract for the Project, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Borrower), (B) Tax Credit Equity and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions (as defined in the Partnership Agreement) and (D) interest on reserves not available for distribution, plus (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent not used for rebuilding of the Project, plus (iii) any other funds deemed available for distribution by Administrative General Partner with the consent of the Investor and the Approved Financing lenders, if required, minus the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Borrower's business.
(whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the management agent (excluding any deferred portion thereof), plus (y) all payments on account of any loans made to the Borrower (whether such loan is made by a partner of Borrower or otherwise), but not including any amounts to be paid pursuant to the Development Agreement (as defined in the Partnership Agreement) or pursuant to any loans made by any of Borrower’s partners where repayment of such loans is to be made out of Net Cash Flow, plus (z) any cash reserves for, among other purposes, working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Approved Financing lenders or the Investor, or may be determined from time to time by Administrative General Partner with the consent of the Investor and the Approved Financing lenders, if required, to be advisable for the operation of the Borrower.

(vv) “Note” shall mean, collectively, the Authority Conversion Note and the Authority Bridge Note.

(ww) “Operating Expenses” all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes (taking into account any available welfare exemption), capital improvements reasonably deemed necessary by the Administrative General Partner and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, social services expenses, mandatory debt service payments, maintenance and repairs, the trustee and issuer fees, the Authority Coordination Fee described in this Agreement and the funding of any reserves required to be maintained by any lender or Governmental Agency or pursuant to this Agreement. Operating Expenses shall not include (i) distributions or payments to partners of Borrower pursuant to Article 11 of the Partnership Agreement, and (ii) expenditures for social services not required by any lender or governmental agency.

(xx) “Origination Fee” shall mean Two Hundred Fifteen Thousand Dollars ($215,000.00) paid to the Authority by Borrower at Closing. The Origination Fee shall be paid for the Authority’s financing of the Project with the Authority Bridge Loan, Authority Conversion Loan and Authority Acquisition Loan.

(yy) Reserved.

(zz) “Parties” shall mean the Authority and the Borrower.

(aaa) “Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership for Jordan Downs Phase 1B, LP, dated as of June 1, 2018, as amended by that certain First Amendment to the Amended and Restated Agreement of Limited Partnership, dated as of June 13, 2020, as further amended by that certain Second Amendment to the Amended and restated Agreement of Limited Partnership, dated as of substantially even date herewith, as may be further amended.

bbb) “PBV Units” shall mean the ninety-five (95) units in the Project that will receive subsidy pursuant to a Section 8 Project Based Voucher (“PBV”) Housing Assistance Payments
Contract, as further identified at Exhibit A-2. Forty-Seven (47) PBV Units are considered “replacement housing” pursuant to the overall master plan for the redevelopment of Jordan Downs.

(ccc) “Project” shall mean the Borrower's Leasehold Estate and the Improvements, together with the B-Permit Improvements.

(ddd) “Property” shall mean the real property located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described in the attached Exhibit A-1.

(eee) “Property Management and Re-Occupancy Plan” means the plan developed by the Borrower and approved by the Authority with resident and stakeholder input for marketing, re-occupancy, asset and property management including but not limited to admissions criteria, a tenant selection plan, and a uniform lease (which may include addenda required by lenders, provided that such addenda shall not be inconsistent with the requirements of the RAD and PBV programs) that will apply to all who rent units in the Project, designed to achieve the short- and long-term viability of the Project in accordance with the Relocation Plan, Build First and Right to Return commitment, as well as other requirements of this Agreement and the projected funding sources.

(fff) “RAD” and “RAD Program” shall mean the Rental Assistance Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and HUD Notice PIH-2012-32 (HA), REV-3, as amended from time to time.

(ggg) “RAD Subordination Agreement” shall mean that certain Subordination Agreement as of substantially even date herewith pursuant to which the Authority and the Borrower agree that this Loan is subordinate in all respects to the RAD Use Agreement, as defined below.

(hhh) “RAD Units” shall mean the thirty-eight (38) units in the Project that will receive subsidy pursuant to a RAD PBV Housing Assistance Payments Contract, as further identified at Exhibit A-2. The RAD Units are replacement units for thirty-eight (38) public housing units at Jordan Downs and considered “replacement housing” pursuant to the overall master plan for the redevelopment of Jordan Downs.

(iii) “RAD Use Agreement” shall mean that certain RAD Use Agreement executed by the Authority and the Borrower in favor of the U.S. Department of Housing and Urban Development.

(iii) “Relocation Plan” means the relocation plan developed by the Authority and the Borrower with resident and stakeholder input for the relocation of residents displaced by Project activities in accordance with applicable federal, state, and local law.

(kkk) “Section 3 Plan” shall have the meaning set forth in Section 3.7 of the Ground Lease.
(iii) “Supportive Services Plan” shall mean the plan developed by the Borrower with input from resident stakeholders to address the supportive services needs of the occupants of the Project.

(mmm) “Sustainability Plan” means the Borrower’s plan, approved by the Authority, to incorporate “Green Building” principles in the Project that comply with the State of California’s Green Building Standards Code, as well as City requirements.

(nnn) “TCAC” shall mean the California Tax Credit Allocation Committee.

(ooo) Reserved.

(ppp) “Term” shall have the meaning set forth in Section 2.2.

(qqq) “Transfer” shall have the meaning set forth in Section 4.13 below.

(rrr) “Units” means the one hundred thirty-five (135) residential units to be constructed on the Property (excluding the manager’s units).

Section 1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A-1: Legal Description of the Property
EXHIBIT A-2: Designation of Units by Type
EXHIBIT B: Approved Development Budget
EXHIBIT C-1: Scope of Development for the Improvements
EXHIBIT C-2: B-Permit Improvements
EXHIBIT D-1: Schedule of Performance for the Improvements
EXHIBIT D-2: Schedule of Performance for the B-Permit Improvements
EXHIBIT E-1: Draw Schedule
EXHIBIT E-2: Form of Draw Request
EXHIBIT F: Distribution of Cash Flow
EXHIBIT G-1: Form of Authority Conversion Note
EXHIBIT G-2: Form of Authority Bridge Note
EXHIBIT H: Form of Guaranty
EXHIBIT I: Investor Rider

ARTICLE 2   LOAN PROVISIONS

Section 2.1 Loan.

(a) The Authority shall loan to the Borrower the Authority Conversion Loan for the purposes set forth in Section 2.4(a) of this Agreement, and the Borrower shall repay interest on the Loan pursuant to the Authority Conversion Note beginning at Closing. Following Conversion, the Borrower shall repay the Authority Conversion Loan to the Authority from the proceeds of the AHP Loan, to the extent proceeds of the AHP Loan are available following repayment of the
Authority Bridge Loan, and, in the event such proceeds are insufficient to repay the entire indebtedness, from Net Cash Flow to the extent available until the Loan Maturity Date, when all remaining unpaid principal and interest shall be due and payable, all as more fully and particularly provided in the Authority Conversion Note. The obligation to repay the Authority Conversion Loan shall be evidenced by the Authority Conversion Note in the form attached hereto as Exhibit G-1.

(b) The Authority shall loan to the Borrower the Authority Bridge Loan for the purposes set forth in Section 2.4(b) of this Agreement, and the Borrower shall repay interest on the Loan pursuant to the Authority Bridge Note beginning at Closing. Following Conversion, the Borrower shall repay the Authority Bridge Loan to the Authority from proceeds of the AHP Loan and, in the event such proceeds are insufficient to repay the entire indebtedness, from Net Cash Flow to the extent available until the Loan Maturity Date, when all remaining unpaid principal and interest shall be due and payable, all as more fully and particularly provided in the Authority Bridge Note. The obligation to repay the Authority Bridge Loan shall be evidenced by the Authority Bridge Note in the form attached hereto as Exhibit G-2.

Section 2.2 Term. The Authority Conversion Loan shall mature on the Loan Maturity Date. The Authority Bridge Loan shall mature on the Loan Maturity Date.

Section 2.3 Interest.

(a) Subject to the provisions of Section 2.3(c) below, the Authority Conversion Loan and the Authority Bridge Loan shall bear simple interest at five percent (5%) per annum, commencing at Closing.

(b) Reserved.

(c) In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until the earlier of such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

Section 2.4 Use of Loan Funds.

(a) The Borrower shall use the Authority Conversion Loan funds to pay development costs of the Project during the construction phase, consistent with the Approved Development Budget, and as part of the permanent financing of the Project.

(b) The Borrower shall use the Authority Bridge Loan funds to pay development costs of the Project during the construction phase, consistent with the Approved Development Budget, and as part of the permanent financing of the Project, but only as necessary to cover gaps between the other Approved Financing and the actual costs of constructing the Project as reflected in the Approved Development Budget and Construction Plans. Borrower shall use commercially reasonable efforts to minimize draws on the Authority Bridge Loan, and to speed and maximize repayment of the Authority Bridge Loan, which efforts shall include at a minimum the following:
(i) Borrower shall apply to the Federal Home Loan Bank ("FHLB") for the AHP Loan during the 2019 FHLB funding round and in accordance with the DDA, and if awarded such funds shall diligently pursue closing and funding of the AHP Loan thereafter. Borrower shall use the proceeds of the AHP Loan to (1) pay reasonable and customary costs of applying for the AHP Loan, not to exceed $20,000 unless otherwise agreed to by the Authority, (2) in the event the AHP Loan is awarded before any or all of the Authority Bridge Loan has been drawn, to replace the Authority Bridge Loan as a source under the Approved Development Budget and minimize draws on the Authority Bridge Loan, and (3) to the extent permitted by FHLB program rules governing uses of AHP proceeds, (A) first, to repay the Authority Bridge Loan, and (B) repay the Authority Conversion Loan. Borrower may use such proceeds for other purposes only after the Authority Bridge Loan and Authority Conversion Loan have been paid in full. In the event that the Parties determine that the AHP Loan is necessary to meet Project development and operational costs, then notwithstanding anything to the contrary in the Loan Documents, Ground Lease, or any other document between the Authority and Borrower or its affiliates, the Borrower may use the AHP Loan to pay for costs approved by the Authority in its reasonable discretion in place of repaying or reducing the amount owed under the Authority Bridge Note and the Authority Conversion Note.

(ii) Borrower shall draw on the Authority Bridge Loan as a source of last resort. In the event that the undrawn balance of the Authority Bridge Loan ever exceeds the amount of reasonably projected remaining Project expenses, Borrower shall draw on the Authority Bridge Loan only to the extent necessary to cover the remaining Project expenses. Furthermore, in the event Borrower is awarded the AHP Loan prior to drawing on the Authority Bridge Loan then such AHP Loan proceeds shall be drawn before the Authority Bridge Loan.

(c) Reserved.

(d) The Borrower shall not use the Loan funds for any other purpose without the prior written consent of the Authority.

Section 2.5 Security.

(a) The Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust in the form provided by the Authority, and recording it as a lien against the Borrower's Leasehold Estate. The Deed of Trust shall be junior in lien priority to the deeds of trust securing the Construction First Mortgage Loan, Permanent First Mortgage Loan, Authority Acquisition Loan and the HCD Loan, and senior in lien priority to the deed of trust securing the AHP Loan.

(b) The Authority agrees that the Deed of Trust is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the Construction First Mortgage Loan and the Permanent First Mortgage Loan, and the liens, rights, payment interests, priority interests and security interests granted to the Authority in connection with the Loan and the Loan Documents, are, and hereby expressly acknowledged to be in all respects and at all times, subject to the terms and provisions of the First Mortgage Construction Lender Subordination Agreement and the RAD Subordination Agreement. The Authority further agrees to subordinate the Deed of
Trust to the lien of the deeds of trust and regulatory agreements securing the HCD Loan provided the Authority receives reasonably adequate notice and cure rights and pursuant to a subordination agreement in a form reasonably approved by the Authority and, subject to HCD requirements, provided such HCD Loan is subordinate to the RAD Use Agreement. The Authority agrees to execute and permit the recordation of regulatory agreements required by HCD with respect to the HCD Loan, provided such regulatory agreements are subordinate to the RAD Use Agreement and in a form reasonably approved by the Authority.

Section 2.6 Conditions Precedent to Closing. The Authority shall not be obligated to proceed with the Closing under the Loan Documents unless the following conditions precedent are satisfied prior to or concurrently therewith:

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement.

(b) The Borrower has executed and delivered to the Authority all documents, instruments, and policies required under the Loan Documents.

(c) A title insurer reasonably acceptable to the Authority is unconditionally and irrevocably committed to issuing an ALTA Lender's Policy of insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

(d) The Deed of Trust has been executed and is ready to be recorded against the Borrower's Leasehold Estate in the Office of the Recorder of the County of Los Angeles.

(e) The Authority has completed and approved all environmental reviews under NEPA as necessary for the acquisition of the Property and construction of the Project, and the Borrower has provided the Authority evidence of compliance with all approved NEPA and CEQA requirements and mitigation measures.

(f) The Borrower has furnished the Authority with evidence of the insurance coverage meeting the requirements of Section 4.14 below.

(g) The Authority has received and approved the final Construction Plans for the Project, as required pursuant to Section 3.2 below.

(h) The Authority shall have received and approved the Accessibility Compliance Report.

(i) The Authority has received and approved the Construction Contract as required pursuant to Section 3.3 below, and Borrower has executed same with Contractor.

(j) The Authority has received copies of labor and material (payment) bonds and performance bonds, as required pursuant to Section 3.4 below.
(k) The Authority has received and approved a Property Management and Re-Occupancy Plan.

(l) The Authority shall have received and approved a Construction Section 3 Plan and Section 3 Plan.

(m) The Authority shall have provided the Relocation Plan to the Borrower.

(n) The Authority shall have received and approved a Financing Plan.

(o) The Authority shall have received and approved a Supportive Services Plan.

(p) The Authority shall have received and approved a Sustainability Plan.

(q) Developer shall have executed a Completion Guaranty in favor of the Authority in the form attached hereto as Exhibit H.

(r) The Borrower shall have repaid the Authority the portion of any Multi-Phase Costs Loan (as defined in the Master Development Agreement) allocated to the Project.

(s) The Borrower shall have repaid the Authority any Phase-Related Predevelopment Loan (as defined in the Master Development Agreement) provided for the Project in full.

(t) The Authority shall have received permission to close from HUD.

(u) The Authority, the Borrower, and the Investor shall have executed a purchase option and right of first refusal agreement.

(v) The Borrower has closed all Approved Financing described in Section 1.1(c) except the AHP Loan, the Permanent First Mortgage Loan and the HCD Loan.

Section 2.7 Conditions Precedent to Disbursement.

(a) Construction Financing. The maximum amount of funds to be disbursed pursuant to this Section 2.7 shall not exceed, (i) in the case of the Authority Conversion Loan, Five Million Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00); and (ii) in the case of the Authority Bridge Loan, Four Million Fifty Thousand Dollars ($4,050,000.00) [which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00) pursuant to the Authority Bridge Note and B-Permit Note]. The construction financing portion of this Loan shall be a non-revolving line of credit, such that once advances have been made and repaid, such amounts may not be re-borrowed. The Authority shall make disbursements in accordance with the Draw Schedule. The Authority shall not be obligated to make any disbursements of such proceeds or take any other action under the Loan Documents unless the following conditions are satisfied prior to each such disbursement of the Loan:
(i) The Borrower is not in Default.

(ii) An updating endorsement to the title policy described at Section 2.6 (c) the date of each advance insuring such lien priority of the aggregate amount then advanced, taking no exception for mechanics’ or materialmen’s liens, and otherwise reasonably satisfactory to the Authority.

(iii) The undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that the Borrower has obtained in connection with the Project, are not less than the amount that the Authority reasonably determines is necessary to pay for development of the Project and to satisfy all of the covenants contained in this Agreement.

(iv) The Authority has received a written draw request from the Borrower setting forth the proposed use of funds consistent with the Approved Development Budget, and in a form containing sufficient detail and with sufficient supporting documentation to permit the Authority to confirm that the work to be funded by the draw request has been performed. The draw requests shall also contain a statement of the total costs incurred by the Borrower since the date of the Borrower's last draw request, and the amount of those costs paid by the Borrower. The Authority’s Form of Draw Request is attached hereto as Exhibit E-2.

(b) Conversion to Permanent Loan. The Loan shall convert from a construction loan to a permanent loan at Conversion. Once Conversion has occurred, no further advances shall be made pursuant to this Agreement.

(c) Total Amount of Disbursements. Notwithstanding the determination of the construction financing and the permanent financing conversion set forth in this Section 2.7, in no event shall the Authority disburse to the Borrower an amount greater than the Loan amount.

Section 2.8 Repayment Schedule. The Loan shall be repaid as follows:

(a) Annual Payments of Loan. The Borrower shall make repayments of the Loan in accordance with the Note.

(b) Payment in Full. All principal and accrued interest on the Authority Conversion Loan shall be due in full on the earlier to occur of (i) the date of closing of the AHP Loan, but only to the extent proceeds of the AHP Loan are available after repayment of the Authority Bridge Loan pursuant to Section 2.4(b), (ii) the date of any Transfer not authorized by the Authority, (iii) the date of any Default, and (iv) the expiration of the Term. All principal and accrued interest on the Authority Bridge Loan shall be due in full on the earlier to occur of (A) the date of closing of the AHP Loan, but only to the extent proceeds of the AHP Loan are available for repayment of the Authority Bridge Loan pursuant to Section 2.4(b), (B) the date of any Transfer not authorized by the Authority, (C) the date of any Default, and (D) the expiration of the Term.

(c) Prepayment. The Borrower shall have the right to prepay the Loan at any time without premium or penalty. Amounts prepaid may not be re-borrowed.
(d) **Construction Cost Savings.** The Authority shall be entitled to one hundred percent (100%) of any construction cost savings allocated to Borrower under the construction contract for the Project, if any, after completion of the Project; provided, however, during construction of the Project, Borrower may utilize construction cost savings for other construction costs or soft costs of the Project. Following completion of the Project, any remaining construction cost savings shall be used: (a) first, to repay the Authority Bridge Loan and (b) second, to repay the Authority Conversion Loan (collectively, the “**Priority Payment on HACLA Loans**”). The repayment of construction cost savings due to Authority shall be made by Borrower no later than final cost certification for the Project. Notwithstanding the forgoing, if HCD does not approve one hundred percent (100%) of any construction cost savings to be used for the Priority Payments on HACLA Loans, subject to HCD requirements, HACLA will be entitled to a pro rata share of such cost savings based on the relative size of its loans and grants to the Project in proportion to other Approved Financing (with the exception of the Permanent First Mortgage Loan) as Priority Payment on HACLA Loans.

Section 2.9 **Reports and Accounting of Net Cash Flow.**

(a) **Audited Financial Statement.** In connection with the annual repayment of the Loan, the Borrower shall furnish to the Authority an audited financial statement duly certified by an independent firm of certified public accountants approved by the Authority, setting forth in reasonable detail the computation and amount of Net Cash Flow during the preceding calendar year.

(b) **Books and Records.** The Borrower shall keep and maintain on the Property, or elsewhere with the Authority's written consent, full, complete and appropriate books, record and accounts relating to the Project, including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail the Borrower's calculation of Net Cash Flow. Books, records, and accounts relating to the Borrower's compliance with the terms, provisions, covenants and conditions of this Agreement shall be kept and maintained in accordance with generally accepted accounting principles consistently applied, and shall be consistent with requirements of this Agreement which provide for the calculation of Net Cash Flow on a cash basis. All such books, records, and accounts shall be open to and available for inspection by the Authority, its auditors or other authorized representatives at reasonable intervals during normal business hours. Copies of all tax returns and other reports that the Borrower may be required to furnish to any governmental agency shall at all reasonable times be open for inspection by the Authority at the place that the books, records and accounts of the Borrower are kept. The Borrower shall preserve records on which any statement of Net Cash Flow is based for a period of not less than five (5) years after such statement is rendered, and for any period during which there is an audit undertaken pursuant to subsection (c) below then pending.

(c) **Authority Audits.** The receipt by the Authority of any statement pursuant to subsection (a) above or any payment by the Borrower or acceptance by the Authority of any Loan repayment for any period shall not bind the Authority as to the correctness of such statement or such payment. Within three (3) years after the receipt of any such statement, the Authority or any designated agent or employee of the Authority at any time, and upon reasonable prior notice, shall be entitled to audit the Net Cash Flow and all books, records, and accounts pertaining thereto. Such
audit shall be conducted during normal business hours at the principal place of business of the Borrower and other places where records are kept. Immediately after the completion of an audit, the Authority shall deliver a copy of the results of such audit to the Borrower. If it shall be determined as a result of such audit that there has been any deficiency in a Loan repayment to the Authority, then such deficiency shall become immediately due and payable with interest at the default rate set forth in section 2.3(b) above, determined as of and accruing from the date that said payment should have been made. In addition, if the Borrower's auditor's statement for any calendar year shall be found to have understated Net Cash Flow by more than five percent (5%) and the Authority is entitled to any additional Loan repayment as a result of said understatement, then the Borrower shall pay, in addition to the interest charges referenced hereinabove, all of the Authority's reasonable costs and expenses connected with any such audit or review of Borrower's accounts and records.

Section 2.10 Non-Recourse. Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Authority with respect to the principal of, or interest on, the Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Authority thereunder, or (b) be deemed in any way to impair the right of the Authority to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Authority under Sections 4.7 and 7.4 of this Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

ARTICLE 3 CONSTRUCTION OF THE PROJECT

Section 3.1 Permits and Approvals. All permits and approvals necessary for the commencement of construction of the Improvements on the Property and the B-Permit Improvements must be received no later than the date of Closing.

Section 3.2 Plans and Specifications.
(a) As used in this Agreement, “Construction Plans” shall mean all construction documentation upon which the Borrower and the Borrower's Contractor shall rely in building all the Improvements on the Property (including the Units, landscaping, parking, and common areas), the B-Permit Improvements, and shall include, but not necessarily be limited to, final architectural drawings, landscaping plans and specifications, final elevations, and building plans and specifications (also known as “working drawings”). As a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Authority must have reviewed and approved the Construction Plans.

(b) Prior to or at Closing, the Developer shall provide the Authority with a written report from its Architect or an independent professional certifying that (i) he/she has reviewed the Construction Plans for the Project, (ii) the Construction Plans comply with all applicable State and Federal requirements concerning accessibility including but not limited to Section 504 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act of 1990, as amend, and (iii) note the number and type of units that will accessible in accordance herewith (“Accessibility Compliance Report”). As a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Authority must have reviewed and approved the Accessibility Compliance Report.

Section 3.3 Construction Contract. As a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Authority must have reviewed and approved the Construction Contract.

Section 3.4 Construction Bonds. Prior to commencement of construction of the Project, and as a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Borrower shall deliver to the Authority copies of labor and material bonds and performance bonds for the construction of the Project in an amount equal to one hundred percent (100%) of the scheduled costs of the Project. Such bonds shall name the Authority as a co-obligee.

Section 3.5 Commencement of Construction. The Borrower shall cause the commencement of construction of the Project, and all conditions precedent to disbursement of Loan proceeds under Section 2.7 above, by no later than thirty (30) days following the Closing.

Section 3.6 Completion of Construction. The Borrower shall diligently prosecute construction of the Project to completion, and shall cause the completion of the construction of the Project no later than December 31, 2020.

Section 3.7 Construction Pursuant to Plans and Laws.

(a) The Borrower shall construct the Improvements and the B-Permit Improvements in substantial conformance with the Construction Plans approved by the Authority and by the City Building Department, and with the Schedules of Performance for the Improvements and the B-Permit Improvements, attached hereto as Exhibits D-1 and D-2, respectively.
(b) The Borrower shall notify the Authority in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by the Authority. Consent to any additions, changes, or deletions to the work shall not relieve or release the Borrower from any other obligations under this Agreement, or relieve or release the Borrower or its surety from any surety bond. A written change order authorized by the Authority must be obtained before any of the following changes, additions, or deletions in work for the Project may be performed:

(i) With respect to the Improvements (1) any change in the work the cost of which exceeds Seventy Five Thousand Dollars ($75,000.00); or (2) any set of changes in the work the cost of which cumulatively exceeds Two Hundred Fifty Thousand Dollars ($250,000.00) or ten percent (10%) of the Loan amount, whichever is less; or (3) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Project as provided for in the plans and specifications approved by the Authority. Any written change order submitted to the Authority for its approval shall be deemed approved if not disapproved within five (5) days following receipt by the Authority; provided that approval of such change orders by the Authority shall not increase the Authority's liability or obligations under this Agreement.

(ii) With respect to the B-Permit Improvements (1) any change in the work the cost of which exceeds $25,000; or (2) any set of changes in the work the cost of which cumulatively exceeds $50,000. Any written change order submitted to the Authority for its approval shall be deemed approved if not disapproved within ten (10) days following receipt by the Authority; provided that approval of such change orders by the Authority shall not increase the Authority's liability or obligations under this Agreement.

(c) The Borrower shall cause all work performed in connection with the Project to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, Authority or municipal governments or agencies now in force or that may be enacted hereafter, including (without limitation and where applicable) prevailing wage provisions of the federal Davis-Bacon Act and/or State prevailing wage requirements and their respective implementing rules and regulations as further set forth in § 4.6(b) below, (ii) the U.S. Department of Housing and Urban Development (“HUD”) housing quality standards set out in 24 C.F.R. § 5.701 and the cost-effective and energy conservation and effectiveness standards in 24 C.F.R. § 39, and (iii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Borrower shall be responsible to the Authority for the procurement and maintenance thereof, as may be required of the Borrower and all entities engaged in work on the Project.

Section 3.8 Marketing Plan.

(a) No later than six (6) months prior to the projected date of the completion of the Project, the Borrower shall submit to the Authority for approval its plan for marketing the Units to
income-eligible households, including information on affirmative marketing efforts and compliance with fair housing laws.

(b) Upon receipt of the marketing plan, the Authority shall promptly review the marketing plan and shall reasonably approve or disapprove it within thirty (30) days after submission. If the marketing plan is not approved, the Borrower shall submit a revised marketing plan within thirty (30) days. The process for review and approval shall continue until such time as the Authority approves of the Marketing Plan.

Section 3.9 Equal Opportunity. The Borrower, for itself and its successors, assigns, and transferees, agrees that in the construction of the Project:

(a) It will not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, disability, medical condition, age, marital status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) acquired or perceived, or retaliation for having filed a discrimination complaint (nondiscrimination factors). The Borrower will take affirmative action to ensure that applicants are considered for employment by the Borrower without regard to the nondiscrimination factors, and that the Borrower's employees are treated without regard to the nondiscrimination factors during employment including, but not limited to, activities of: upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein;

(b) It will ensure that its solicitations or advertisements for employment are in compliance with the aforementioned nondiscrimination factors; and

(c) It will cause the foregoing provisions to be inserted in all contracts for the construction of the Project entered into after the effective date of this Agreement; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

Section 3.10 Section 3. Borrower shall comply with the Section 3 requirements set forth in Section 3.1 and Section 3.7 of the Ground Lease and will include the Section 3 clause required by HUD regulations at 24 CFR Part 135, as applicable and as amended, in all contracts.

Section 3.11 Progress Reports. Until such time as the Borrower has completed the Improvements, the Borrower shall provide the Authority with monthly progress reports regarding the status of the construction of the Project, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.15 below. This provision shall be satisfied by submission of the monthly draw request, or a copy thereof, to the Authority.

Section 3.12 Construction Responsibilities.
(a) It shall be the responsibility of the Borrower to coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement.

(b) The Borrower shall be solely responsible for all aspects of the Borrower's conduct in connection with the Project, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Authority with reference to the Project is solely for the purpose of determining whether the Borrower is properly discharging its obligations to the Authority, and should not be relied upon by the Borrower or by any third parties as a warranty or representation by the Authority as to the quality of the design or construction of the Project.

Section 3.13 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the completion of construction is served on the Authority or any other lender or other third party in connection with the Project, then the Borrower shall, within thirty (30) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Authority a surety bond in sufficient form and amount, or provide the Authority with other assurance satisfactory to the Authority that the claim of lien or stop notice will be paid or discharged, provided that the Authority provides written notice of such claim of lien or stop notice to the Borrower promptly upon receipt by the Authority.

(b) If the Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Authority may with notice to Borrower (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at the Borrower's expense. Alternately, the Authority may require the Borrower to immediately deposit with the Authority the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Authority may use such deposit to satisfy any claim or lien that is adversely determined against the Borrower.

(c) The Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction on the Project for a continuous period of thirty (30) days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take all other reasonable steps to forestall the assertion of claims of lien against the Property. The Borrower authorizes the Authority, but without any obligation on the Authority, to record any notices of completion or cessation of labor, or any other notice that the Authority deems necessary or desirable to protect its interest in the Project and Property.

Section 3.14 Inspections. The Borrower shall, upon advance reasonable written request, permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Project by the Authority and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement.
Section 3.15  **Approved Development Budget; Revisions to Budget.** As of the date of this Agreement, the Authority has approved the Approved Development Budget set forth in Exhibit B and the fees related to the operation of the Project as further described in the Partnership Agreement, including (a) an annual asset management fee of $20,000 paid to the Managing General Partner, escalating by 3% annually; and (b) an annual asset management fee of $7,500 paid to Riverside Manager Jordan Downs, LLC, as the special limited partner of Borrower, escalating by 3% annually (collectively, the “**Asset Management Fee**”). Unpaid fees may accrue. The Borrower shall not charge interest on its deferred developer fee. The Borrower shall submit any required amendments to the Approved Development Budget to the Authority for approval monthly if actual costs of the Project vary or will vary from the costs shown on the Approved Development Budget. Written consent of the Authority shall be required to amend the Approved Development Budget, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, this Section shall not apply to (i) the reallocation from any contingency line item in the Approved Development Budget to another line item, (ii) savings in one line item allocated to another line item, or (iii) for any cost change of Seventy Five Thousand Dollars ($75,000) for each item or Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate; provided, however, that there is no material change in the Plans and Specifications.

Section 3.16  **Authority Fees.**

(a) The Borrower shall pay the Authority Coordination Fee to the Authority for the Project. The Authority Coordination Fee shall be paid at Closing in the amount of One Hundred Twenty Thousand Dollars ($120,000.00).

(b) The Borrower shall pay the Origination Fee to the Authority for the Project. The Origination Fee shall be paid at Closing in the amount of Two Hundred Fifteen Thousand Dollars ($215,000.00).

Section 3.17  **Capital Contributions.** The Borrower shall cause the Investor to make the capital contribution described in Section 5.02 of the Partnership Agreement and shall utilize such funds to pay costs of the Project, consistent with the Approved Development Budget.

**ARTICLE 4  LOAN REQUIREMENTS**

Section 4.1  **Compliance with Ground Lease.** The Borrower shall comply with the terms of the Ground Lease and any breach under the Ground Lease, subject to the notice and cure periods set forth therein, shall be considered a Default under this Agreement.

Section 4.2  **Financial Accountings and Post-Completion Audits.** No later than one hundred and twenty (120) days following full occupancy of the Project, the Borrower shall provide to the Authority a financial accounting of all sources and uses of funds for the Project. No later than twelve (12) months following the completion of construction of the Improvements, The Borrower shall submit an audited financial report showing the sources and uses of all funds utilized for the Project.
Section 4.3 Information. The Borrower shall provide any information reasonably requested by the Authority in connection with the Project.

Section 4.4 Records.

(a) The Borrower shall maintain complete, accurate, and current records pertaining to the Project for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the Authority to inspect and copy records. Such records shall include all invoices, receipts, and other documents related to expenditures from the Loan funds. Records must be kept accurate and current.

(b) The Authority shall notify the Borrower of any records it deems insufficient. The Borrower shall have thirty (30) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the Authority in such notice, or if a period longer than thirty (30) days is reasonably necessary to correct the deficiency, then the Borrower shall begin to correct the deficiency within thirty (30) days and correct the deficiency as soon as reasonably possible.

Section 4.5 Audits. The Borrower shall make available for examination at reasonable intervals and during normal business hours to the Authority all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit the Authority to audit, examine, and make excerpts or transcripts from such records. The Authority may make audits of any conditions relating to this Agreement.

Section 4.6 Additional Requirements.

(a) The Borrower shall comply with all applicable laws, regulations and administrative requirements governing the use of the Loan funds. In the event of any conflict between this Agreement and applicable laws, regulations and administrative requirements governing the use of the Loan funds, the applicable laws, regulations, and administrative requirements shall govern.

(b) The laws, regulations and administrative requirements governing the use of the Loan funds include (but are not limited to) the following:

(i) HUD Rental Assistance Demonstration Requirements. Including, but not limited to: (1) the Consolidated and Further Continuing Appropriations Act of 2012, and all applicable statutes and any regulations issued by HUD for the RAD Program, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process; and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, HUD Notice PIH 2012-32 (HA), REV-3, as it may be amended from time to time), and Mortgagee Letters (if any) for the RAD Program, and all future updates, changes, and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes, and amendments shall be applicable to the Property and Improvements only to the extent that they interpret, clarify, and implement terms rather than add or delete provisions.
(ii) Environmental and Historic Preservation. Section 104(f) of the Housing and Community Residence Act of 1974 and 24 C.F.R. Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321-4361), and the additional laws and authorities listed at 24 C.F.R. § 58.5.


(vi) Relocation. The Authority is responsible for all relocation required by the RAD Program to enable residents of the existing Jordan Downs public housing site to relocate to the Project. The Authority shall indemnify and hold harmless the Borrower, its partners, their members and their respective directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the Authority’s relocation activities. This indemnity obligation shall not extend to the extent that any claim arises directly or indirectly from relocation activities attributable to the Borrower or its contractors or agents. Following initial lease up, if and to the extent that acts or omissions of the Borrower result in the permanent or temporary displacement of residential tenants, homeowners, or businesses, the Borrower shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits.

(vii) Accessibility. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and federal regulations issued pursuant thereto, which prohibit discrimination against the handicapped in any federally assisted program, and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12131 et seq.).

(viii) Protection for Victims of Domestic Violence. The requirements of 24 C.F.R. Part 5, Subpart L.

(ix) Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701(u) ("Section 3"), requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the Project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project in accordance with Section 3.1 and Section 3.7 to the Ground Lease.

(x) Prevailing Wages. All applicable labor standards, including the Davis-Bacon Act (40 U.S.C. § 276a et seq.) and State prevailing wage laws, as applicable. Pursuant to
24 C.F.R. § 965.101, if State prevailing wage rates (including basic hourly rate and any fringe benefits) determined under State law to be prevailing with respect to an employee in any trade exceed the applicable wage rate determined by the Secretary of Labor pursuant to the Davis Bacon Act, the Borrower shall cause the contractor to pay the higher of such State prevailing rates or the applicable the Davis-Bacon wage rates.


(xiii) Reserve for Replacement. The Borrower shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance, repair, and replacement of capital items in accordance with the RAD Use Agreement, which requires initial monthly deposits of $6,513.75, subject to annual increases as required by HUD.

(xiv) Subsidy Reserve. The Parties acknowledge and agree that the Borrower is creating a subsidy reserve pursuant to Section 7.08 of the Partnership Agreement that will be controlled by HCD and the Investor. Borrower shall provide Authority reasonable notice prior to drawing down such subsidy reserve for its intended purpose. Further, Authority approval is required for any decrease or modification of such subsidy reserve pursuant to the Partnership Agreement, except for decreases in accordance with the intended purpose of such subsidy reserve.

Section 4.7 Hazardous Materials.

(a) Borrower shall comply with Sections 10.1(c), 10.1(d), and 10.3(a) of the Ground Lease, and the provisions of such Sections shall be deemed incorporated herein by reference as if copied in full into this paragraph, provided that Authority shall have and enjoy all the same rights and protections attributed to Landlord thereunder. By way of illustration and not limitation, simultaneously with Borrower advising Landlord in writing of any fact or circumstance, requesting any written consent, or providing any notice to Landlord pursuant to such provisions in the Ground Lease, Borrower shall provide such writings, requests, and notices to Authority, and Authority shall have and enjoy all the same rights and protections attributed to Landlord thereunder.

(b) The Authority, in its capacity as lender with respect to the Loan and the Deed of Trust securing repayment of same and separate and apart from its capacity as Landlord under the Ground Lease, shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Substances and Materials Claims or arising out of any breach or violation by Borrower of its obligations under this Section 4.7. The Borrower shall defend, indemnify, and hold harmless the Authority and Authority Board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the failure of the Borrower or any other person or entity, other than the Authority, to comply with this Section 4.7. This obligation to indemnify shall survive termination of this Agreement.
(c) The Borrower hereby acknowledges and agrees that (i) this Section is intended as the Authority's written request for information (and the Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

(d) In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Authority's or the trustee's rights and remedies under the Deed of Trust, the Authority may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Borrower to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Authority's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently (whether active or passive) caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Authority in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the Authority upon its demand made at any time following the conclusion of such action.

(e) Borrower shall have no liability under this Agreement for Hazardous Materials existing at the Project prior to the date of this Agreement or from On-Site Migration except to the extent such condition is exacerbated by Borrower's negligence or intentional misconduct (as defined in the Ground Lease).

Section 4.8 Maintenance and Damage.

(a) During the course of both construction and operation of the Project, the Borrower shall maintain the Property and Improvements in accordance with the Ground Lease and Article 2 of the Deed of Trust.
(b) Subject to the Ground Lease, the terms of Section 4.1 of the Deed of Trust shall govern in the event of any casualty, damage, destruction or condemnation of the Property and/or Improvements (or any portion thereof).

Section 4.9 Fees and Taxes. The Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Improvements to the extent owned by the Borrower, and shall pay such charges prior to delinquency. However, the Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the Authority, the Borrower deposits with the Authority any funds or other forms of assurance that the Authority in good faith from time to time determines appropriate to protect the Authority from the consequences of the contest being unsuccessful.

Section 4.10 Notice of Litigation. The Borrower shall promptly notify the Authority in writing of any litigation materially affecting the Borrower or the Project and of any claims or disputes that involve a material risk of such litigation.

Section 4.11 Operation of Project.

(a) Promptly after completion of construction, the Borrower shall operate the Borrower’s Leasehold Estate and Improvements in accordance with the Ground Lease and that certain Disposition and Development Agreement of even date herewith.

(b) Before leasing any Unit in the Project, the Borrower shall submit its proposed form of lease agreement for the Authority's review and approval. The initial term of the form of lease agreement for the Units shall be for no less than one (1) year, except by mutual agreement between the Borrower and the tenant, and shall not contain any provision which is prohibited by applicable law or regulation.

(c) Before leasing any Unit in the Project, the Borrower shall submit its proposed Section 3 Plan for the Authority's review and approval in accordance with Section 3.7 of the Ground Lease.

Section 4.12 Nondiscrimination. The Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, familial status, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Borrower’s Leasehold Estate and Improvements, nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Borrower’s Leasehold Estate and Improvements. The foregoing covenant shall run with the leasehold interest.

Section 4.13 Transfer.
(a) For purposes of this Agreement, “Transfer” shall mean any sale, assignment, transfer, refinancing, or further encumbering, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, (ii) any general partner interest in the Borrower, (iii) any direct limited partner interest in the Borrower other than a transfer to an affiliate of Investor, and/or (iv) any interest in the Borrower’s Leasehold Estate and Improvements, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Borrower’s Leasehold Estate and Improvements is transferred and the Borrower retains title. The term “Transfer” shall exclude the leasing of any single Unit in the Project to an occupant in compliance with applicable regulatory agreements including the leasing of Units.

(b) Except as provided in the Ground Lease, no Transfer shall be permitted without the prior written consent of the Authority, which the Authority may withhold in its discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

(c) The Authority approves the grant of the security interests in the Property described in Section 1.1(c) above.

(d) Notwithstanding anything to the contrary herein and subject to the prior written approval of the Authority, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans. Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs, inclusive of any prepayment penalties or yield maintenance fees due under the Approved Financing, and including any protective advances made by the applicable lender of such Approved Financing. The Borrower shall reimburse the Authority for any costs it incurs related to the refinancing of the Approved Financing loans.

Section 4.14 Insurance Requirements. The Borrower shall maintain the following insurance coverage throughout the Term of the Loan:

(a) Workers’ Compensation Insurance. Borrower shall carry or cause to be carried Workers’ Compensation insurance with limits as required by the State of California and Employer’s Liability limits of One Million Dollars ($1,000,000.00) for bodily injury by accident and One Million Dollars ($1,000,000.00) per person and in the annual aggregate for bodily injury by disease covering all persons employed by Borrower in connection with the Improvements and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Borrower.

(b) General Liability Insurance. Commercial general liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Improvements or any work, matters, or things under, or in connection with, or related to this Agreement, with personal injury, death, and property damage combined single limit liability of not less than One Million Dollars ($1,000,000.00) for general liability and One Million Dollars ($1,000,000.00) for automobile liability for each accident or occurrence and an aggregate
limit of not less than Two Million Dollars ($2,000,000.00) for general liability and One Million Dollars ($1,000,000.00) for automobile liability, and umbrella/excess liability insurance of Five Million Dollars ($5,000,000.00). Coverage under any such comprehensive policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner’s and contractor’s protective, products and completed operations, and the use of all owned, non-owned, and hired vehicles. Such insurance coverage shall:

(i) Include the Authority, its officers, commissioners, and employees as insured. The coverage shall contain no special limitations on the scope of protection afforded to the above-listed insured.

(ii) Be primary and non-contributing with respect to any insurance or self-insurance programs covering the Authority, its commissioners, officers, and employees.

(iii) Include all of the Borrower’s subcontractors as insured under its policies or furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

The Borrower shall cause any general contractor, agent, or subcontractor working on the Project under direct contract with the Borrower or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (a) and (b) above, excluding the requirement for umbrella/excess liability, which shall not apply to subcontractors. Such insurance shall meet all of the general requirements of subsections (c), (d), and (e) below. Commercial General Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the Authority, its officers, agents, employees and members of the Authority Board.

(c) In addition to the above insurance requirements, the Borrower shall:

(i) Prior to commencement of work on the Project, furnish the Authority with properly executed certificates of insurance which shall clearly evidence all insurance required in sections (a) through (c), and provide that such insurance shall not be cancelled, allowed to expire, or be materially reduced in coverage except on thirty (30) days, prior written notice to the Authority.

(ii) Provide certified copies of endorsements and policies to the Authority in addition to certificates of insurance.

(iii) Replace certificates, policies, and endorsements for any such insurance expiring prior to completion of work on the Project.

(iv) Place such insurance with insurers approved to do business in the State of California and having A.M. Best Company ratings of no less than A:VII, or such other rating acceptable to the Authority.
(d) The required insurance shall be provided under an occurrence form, and the Borrower shall maintain the coverage described in, and consistent with, subsections (a) through (d) continuously so long as the Note is outstanding. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

(e) All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the Authority.

**ARTICLE 5  DEFAULT AND REMEDIES**

Section 5.1  **Events of Default.** Each of the following shall constitute a “**Default**” by the Borrower under this Agreement:

(a)  **Failure to Satisfy Conversion Conditions.** Failure by the Borrower to satisfy all Conversion Conditions (Construction) by December 31, 2021.

(b)  **Failure to Make Payment.** Failure by the Borrower to repay the principal and any interest on the Loan within ten (10) days of receipt of written notice from the Authority that such payment is due pursuant to the Loan Documents.

(c)  **Breach of Covenants.** Failure by the Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Authority to the Borrower or, if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as the Borrower is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 5, the specific provisions shall control.

(d)  **Default Under Other Loans.** Failure by the Borrower to make any payment or perform any of the Borrower's covenants, agreements, or obligations under the documents evidencing and securing the Approved Financing and the tax-exempt bond documents related to the Project following expiration of all applicable notice and cure periods. Notwithstanding the foregoing, the Authority shall not declare a breach or default under the Loan Documents, Ground Lease, or other documents between the Authority and Borrower or its affiliates to the extent such breach or default occurs by reason of any failure by (1) the City to timely complete the construction of Century Boulevard by August 31, 2018, or (2) HUD to provide funds designated for the Project, and such failure was not caused by an act or omission of the Borrower.

(e)  **Insolvency.** A court having jurisdiction shall have made or entered any decree or order; (i) adjudging the Borrower or the Administrative General Partner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Borrower or the Administrative General Partner or seeking any arrangement for the Borrower or the Administrative...
General Partner under the bankruptcy law or any other applicable debtor’s relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Borrower or the Administrative General Partner in bankruptcy or insolvency or for any of their properties; (iv) directing the winding up or liquidation of the Borrower or the Administrative General Partner, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unStayed or undischarged for a period of ninety (90) days; or (v) the Borrower or the Administrative General Partner shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the Authority, the indebtedness evidenced by the Note.

(f) **Assignment; Attachment.** The Borrower or the Administrative General Partner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the Authority, the indebtedness evidenced by the Note.

(g) **Suspension; Termination.** The Borrower or the Administrative General Partner shall have voluntarily suspended its business or, if the Borrower is a partnership, the partnership shall have been dissolved or terminated, other than a technical termination of the partnership for tax purposes.

(h) **Liens on Borrower’s Leasehold Estate and Improvements.** There shall be filed any claim of lien (other than liens approved in writing by the Authority) against the Borrower’s Leasehold Estate and Improvements or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of thirty (30) days without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the Authority.

(i) **Reserved.**

(j) **Unauthorized Transfer.** Any Transfer other than as permitted by Section 4.13.

(k) **Representation or Warranty Incorrect.** Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Authority in connection with any of the Loan Documents, proving to have been knowingly incorrect in any material respect when made. After completion of the Improvements, Default may be declared under this subsection only if the failure of representation or warranty also has a material adverse effect on the operation of the Project.

Section 5.2 **Notice to Investor.** The Authority shall give to the Investor at the address set forth in Section 7.9 hereof a duplicate copy of all notices of default or other notices that the
Authority may give to or serve in writing upon the Borrower pursuant to the terms of this Agreement. The address of the Investor set forth in Section 7.9 may be changed upon written notice delivered to the Authority in the manner specified in Section 7.9 herein below. No notice of default given to the Borrower shall be effective until the Investor receives such notice.

Section 5.3 Right of Investor to Cure. Notwithstanding any default by the Borrower under this Agreement, the Authority shall have no right to terminate this Agreement or exercise any remedies hereunder or under applicable law or take any other enforcement action hereunder unless the Authority shall have first given the Investor written notice of such default and the Investor shall have failed to remedy such default or remove the General Partner within the applicable cure period, as set forth in greater detail in the Investor Rider attached hereto as Exhibit I.

Section 5.4 Remedies. The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the Authority or automatically where so specified, relieve the Authority of any obligation to make or continue the Loan and shall give the Authority the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The Authority shall have the right to cause all indebtedness of the Borrower to the Authority under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest, or dishonor. The Authority may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Authority as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. The Borrower shall be liable to pay the Authority on demand all reasonable expenses, costs, and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Authority in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The Authority shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The Authority shall have the right (but not the obligation) to cure any monetary default by the Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Authority for any funds advanced by the Authority to cure a monetary default by the Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

Section 5.5 Right of Contest. The Borrower shall have the right to contest in good faith to any claim, demand, levy, or assessment, the assertion of which would constitute a Default
hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Authority or the rights of the Authority hereunder.

Section 5.6 Remedies Cumulative. No right, power, or remedy given to the Authority by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Authority by the terms of any such instrument, or by any statute or otherwise against the Borrower and any other person. Neither the failure nor any delay on the part of the Authority to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Authority of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 6.1 Borrower's Warranty of Good Standing and Authority. The Borrower hereby represents and warrants to the Authority as follows:

(a) Organization. The Borrower is duly organized and validly existing and is (or shall be prior to the commencement of activities under this Agreement) in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted. Borrower shall provide an opinion to this effect from its counsel at the time of execution of this Agreement.

(b) Authority of Borrower. The Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been or will be executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of the Borrower, and all actions required under the Borrower's organizational documents and applicable governing law for the authorization, execution, delivery, and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken (to the extent such actions are required as of the date of execution and delivery of the above-named documents).

(d) Valid and Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will, when so executed and delivered, constitute, legal, valid, and binding obligations of the Borrower enforceable against it in accordance with their respective terms, subject to the laws affecting creditors rights and principles of equity.
(e) **No Breach of Law or Agreement.** Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule, or regulation, or any judgment, decree, or order of any court, board, commission, or agency whatsoever binding on Borrower, or any provision of the organizational documents of the Borrower, or will conflict with or constitute a breach of or a default under any agreement to which the Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of the Borrower, other than liens established pursuant to the Loan Documents.

(f) **Pending Proceedings.** Except as disclosed in writing to the Authority prior to execution of this Agreement, to the knowledge of the Borrower, the Borrower is not in default under any law or regulation or under any order of any court, board, commission, or agency whatsoever, and, to the best of its knowledge, there are no claims, actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Project, at law or in equity, before or by any court, board, commission, or agency whatsoever.

(g) **No Debarment.** Neither the Borrower nor the General Partner has been debarred or suspended pursuant to 2 C.F.R. Part 2424.

(h) **Financial Statements.** The financial statements of the Borrower and other financial data and information furnished by the Borrower to the Authority fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of the Borrower from that shown by such financial statements and other data and information.

**ARTICLE 7  GENERAL PROVISIONS**

Section 7.1 **Relationship of Parties.** Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Authority and the Borrower or its agents, employees, or contractors, and the Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. The Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under this Agreement. In regards to the acquisition of the Property, construction of the Improvements, and operation of the Project, the Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. The Borrower shall be solely responsible for its own acts and those of its agents and employees.
Section 7.2 No Claims. Nothing contained in this Agreement shall create or justify any claim against the Authority by any person that the Borrower may have employed or with whom the Borrower may have contracted relative to the purchase of materials, supplies, or equipment, or the furnishing or the performance of any work or services with respect to the acquisition of the Property, the construction of the Improvements, or the operation of the Project, and the Borrower shall include similar requirements in any contracts entered into for the acquisition of the Property, the construction of the Improvements, or the operation of the Project.

Section 7.3 Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 7.4 Indemnification. Notwithstanding any other provision of this Agreement to the contrary, Borrower shall defend, indemnify and hold harmless the Authority and its commissioners, its officer(s), employee(s), agent(s), contractor(s), and director(s) (including directors or employees of any Authority instrumentailties or affiliates) from all claims, actions, demands, costs, expenses and attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by an act or omission of the Borrower, its agent(s), contractor(s), servant(s), or employee(s) which constitutes a breach of the Borrower’s obligations under this Agreement. If any third-party performing work for the Borrower on the Project shall assert any claim against the Authority on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of the Borrower, its agent(s), servant(s), employee(s) or contractor(s) (including, without limitation, its general contractor), the Borrower shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Authority based on such claim shall be allowed, the Borrower shall pay or satisfy such judgment or claim and pay all reasonable costs and expenses in connection therewith including attorneys’ fees. The obligations, indemnities, and liabilities of the Borrower under this Section 7.4 shall not extend to any liability caused by the negligence or misconduct of HUD, the Authority, or their employee(s), contractor(s) or agent(s). The Borrower’s liability shall not be limited by any provisions or limits of insurance set forth in this Lease. The provisions of this Section 7.4 shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 7.5 Non-Liability of Authority Officials, Employees and Agents. No member, official, employee or agent of the Authority shall be personally liable to the Borrower in the event of any default or breach by the Authority or for any amount which may become due to the Borrower or its successor or on any obligation under the terms of this Agreement.

Section 7.6 No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement, except that the Investor shall be a third party beneficiary with respect to notice and cure rights granted to the Investor in this Agreement.

Section 7.7 Discretion Retained By Authority. The Authority's execution of this Agreement in no way limits the discretion of the Authority in the review and approval process in connection with development of the Project.

Section 7.8 Conflict of Interest.
(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.8(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Borrower shall exercise due diligence to ensure that the prohibition in this Section 7.8(a) is followed.

(b) The conflict of interest provisions of Section 7.8(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any appointed official of the Authority, or any person related within the third (3rd) degree of such person.

Section 7.9 Notices, Demands and Communications. Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

Authority: Housing Authority of the City of Los Angeles 2600 Wilshire Blvd., Third Floor Los Angeles, CA 90057 Attn: President and CEO

With a copy to: Housing Authority of the City of Los Angeles 2600 Wilshire Blvd., Third Floor Los Angeles, CA 90057 Attn: General Counsel

With a copy to: Reno & Cavanaugh PLLC 455 Massachusetts Ave NW, Suite 400 Washington, DC 20001 Attn: Megan Glasheen

Borrower: Jordan Downs Phase 1B, LP c/o The Michaels Organization 2 Cooper Street Camden, NJ 08102 Attn: John J. O'Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A. 3030 Atlantic Avenue Atlantic City, NJ 08401 Attn: Arthur M. Brown
Authority Loan Agreement

With a copy to: Investor in accordance with Exhibit I.

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). Copies of notice(s), sent to the Borrower shall also be sent to any limited partner of the Borrower who requests such notice in writing and provides its address.

Section 7.10 Applicable Law. This Agreement shall be governed by the laws of the state of California.

Section 7.11 Parties Bound. Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind the Borrower and its successors and assigns in the Property and the Improvements for the entire Term, and the benefit hereof shall inure to the benefit of the Authority and its successors and assigns.

Section 7.12 Reserved.

Section 7.13 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding, or unenforceability.

Section 7.14 Force Majeure. In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order; actions or inactions of HUD; or any other similar causes (other than lack of funds of the Borrower or the Borrower's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within fifteen (15) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within fifteen (15) days of receipt of the notice. In no event shall the Authority be required to agree to cumulative delays in excess of one year.

Section 7.15 Authority Approval. This Loan has been approved by the Authority Board of Commissioners (“Authority Board”) pursuant to Resolution No. 9428 and _______. Whenever this Agreement calls for Authority approval, consent, or waiver, the written approval, consent, or waiver of the Authority President and Chief Executive Officer shall constitute the approval, consent, or waiver of the Authority, without further authorization required from the Authority Board. The Authority hereby authorizes the Authority President and Chief Executive Officer to deliver such approvals or consents as are required by this Agreement, or to waive requirements
under this Agreement, on behalf of the Authority. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The Authority President and Chief Executive Officer is also hereby authorized to approve, on behalf of the Authority, requests by the Borrower for reasonable extensions of time deadlines set forth in this Agreement. The Authority shall not unreasonably delay in reviewing and approving or disapproving any proposal by the Borrower made in connection with this Agreement.

Section 7.16 Waivers. Any waiver by the Authority of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Authority to take action on any breach or default of the Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to the Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Authority to any act or omission by the Borrower shall not be construed to consent to any other or subsequent act or omission or to waive the requirement for the Authority's written consent to future waivers.

Section 7.17 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of this Agreement's provisions.

Section 7.18 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 7.19 Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 7.20 Exhibits. Exhibits A-1, A-2, B, C-1, C-2, D-1, D-2, E-1, E-2, F, G-1, G-2, H, and I are incorporated into and hereby made a part of this Agreement.

[signature page follows]
WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

AUTHORITY:

HOUSING AUTHORITY OF
CITY OF LOS ANGELES
a public body, corporate and politic

By: _________________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
EXHIBIT A- 1

Legal Description of the Property

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
### EXHIBIT A-2

Unit Designation by Type

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EXHIBIT B

Approved Development Budget

[attached]
EXHIBIT C-1

Scope of Development for the Improvements

[attached]
.Scope of Development – Phase 1B

GENERAL INFORMATION

This Scope of Development establishes the responsibilities of the Developer for development of the Site. The proposed development shall conform to the provisions, design criteria and property development standards set forth in this Scope. It shall be the Developer's responsibility to conform to the objectives and provisions of this Agreement. Any changes from the provisions, criteria, standards and approved drawings, including change orders with deviations from the approved drawings, must be submitted to the Housing Authority of the City of Los Angeles (the "Agency" or "HACLA") staff for approval. Any substantial changes to the approved drawings shall require Agency approval.

The Phase 1B development (the "Project") is primarily situated on 4.23 acres of the overall 21 acre parcel that is the initial Jordan Downs redevelopment phase. Phase 1B consists of lots 10, 12, 13, and 14 of tract 72805, all located within Council District Fifteen. The Site is adjacent to the existing David Starr Jordan High School within the existing Jordan Downs Public Housing Community bounded by Grape Street and Alameda to the west and east, and 97th and 103rd at the north and south. The Site is generally flat and is currently vacant. The location is served by numerous Metro bus stops and is within a one-mile radius from the Blue Line light rail 103rd Street/Watts Towers Station.

Development of the Project shall conform to the guidelines established within documents approved by governmental agencies, including the City of Los Angeles Jordan Downs Urban Village Specific Plan ("Specific Plan"), the California Environmental Quality Act's ("CEQA") Environmental Impact Report ("EIR") and the National Environmental Policy Act's Environmental Assessment report. The provisions, design criteria and property development standards established in this Scope of Development are in conformance with these documents and must be adhered to.

DESIGN OBJECTIVES AND STANDARDS

Development of the Site shall be guided by the following design objectives.

1. Create a first class, signature residential project with parking and open spaces that incorporates high-quality uses and features. The project will reflect high level architectural and development standards in terms of style, form, materials and execution consistent with new community development.

2. The Project has been planned and designed in a manner that responds to the community needs by including quality community open space, stylistic architectural facades and thoughtful unit layouts to address the needs of the existing residents of this large family housing community. The community features a cohesive pedestrian, bicycle and vehicular circulation plan, linking the Project functionally and visually with neighboring developments and uses.

3. The Project is designed to enhance pedestrian and street level activity, as well as include architectural features that promote daytime and evening use and surveillance of the community such as locating apartment entrances directly on the street and fronting the parking courts. The no-corridor design incorporates elements such as front porch stoops, apartment balconies above streets and public
spaces, and an onsite manager's office, reinforcing and focusing eyes on the community and the public open space.

4. Residential development is designed in such a manner as to create a desirable and distinctive residential environment that is buffered and protected from adjacent nonresidential uses, yet not isolated from other uses in the community.

5. The Project includes an active transportation-oriented circulation plan. The Plan includes an attractive, active, and secure pedestrian environment on the Site as well as adjacent public rights-of-way with walking/bicycle path locations, arrangement of building massing and accessible open areas to encourage use, and lighting and landscape/hardscape design and materials to create a welcome environment for active transportation users.

6. The Project shall incorporate, as many sustainable ("green") building design, methodologies, and technologies as feasible. Refer to Sustainability Plan for more details.

GENERAL PROJECT DESCRIPTION

Jordan Downs Phase 1B Apartments will be the new construction of sixteen three-story buildings in four blocks comprising one hundred thirty-five (135) apartments built around one hundred nine (109) parking spaces configured as on-grade in interior parking courts. The project is composed of 133 affordable apartments, plus one manager’s unit, and one unit used initially as a property management office. The unit mix is as follows: fifteen (15) one-bedroom apartments, sixty-four (64) two-bedroom apartments, forty-four (44) three-bedroom apartments, seven (7) four-bedroom apartments, and five (5) five-bedroom apartments. The one-bedroom apartments range between 625 and 900 square feet, the two-bedroom apartments range between 900 and 1,300 square feet, the three-bedroom apartments range between 1,200 and 1,450 square feet, the four-bedroom apartments range between 1,400 and 1,500 square feet and the five-bedroom apartments are approximately 1,650 square feet. All apartments have their own individual bathroom and kitchen, three-bedroom apartments and larger have two bathrooms. Each kitchen includes a sink, refrigerator, and a range/oven combination. Ample storage is provided, with upper and lower cabinetry. Each unit also includes a washing machine and dryer. The unit plans are efficiently laid out and meet requirements for light and ventilation. The unit interiors are designed to provide privacy and maximize space.

In designing Jordan Downs Phase 1B Apartments, elements that take into account the livability, comfort and safety of the residents as well as the long-term management of the building were considered. Jordan Downs Phase 1B Apartments will promote pedestrian oriented design through the provision of apartment entrances directly on the street, thereby breaking up the size and perception of the apartment buildings. The buildings and site plan were designed to re-define and re-develop the project area to provide an uplifting and safe environment for existing Jordan Downs households relocated as well as new residents to the neighborhood. The project provides an east-west connection (Century Boulevard) across the housing community site to provide better connections to the adjacent neighborhood. The project will respond to the unique needs of the existing households by providing replacement housing units to residents located within the footprint of the second phase of redevelopment projects. This allows for a ‘build first’ model where existing households are not permanently relocated offsite during the redevelopment process. A 0.75 acre neighborhood park developed as part of the project creates a community gathering space adjacent to the project’s western edge.
The townhome over flats unit configuration with unit entrances facing the street eliminates the need for internal circulation. Large operable windows and balconies provide two-sided natural day-lighting and ventilation. The project is designed to meet LEED Silver certification.

PROPERTY DEVELOPMENT STANDARDS

Security:
Security is well integrated into the design of Jordan Downs Phase 1B Apartments. The project provides a secure environment for all residents through the use of both physical systems and through good design by minimizing areas with no visual access and providing adequate site lighting in all areas.

- The entire site area has been designed with well-lit parking courtyards and interior walkways between the development’s buildings.
- Each unit has its own individual entrance facing the street, providing more eyes on the street and greater stewardship of the building and area by residents.
- Common areas such as the walkways, parking courts, and entry ways are appropriately lit so that all public spaces are bright and psychologically safe but not intrusive in their relationship to the living apartments. Attention has been paid to the location and provision of site lighting to maximize illuminating walkways and grounds while minimizing light intrusion into units.
- Residents will enter their apartment through individual apartment doors that can be seen by the site’s video camera system. Cameras will also be placed around the project in key sensitive areas such as parking courts, entrances, stairwells, and along corridors. Video monitoring equipment will be in the Property Manager’s office.

Accessibility:
Work items resulting from compliance with the design and construction requirements of the Fair Housing Act and implementing regulations at 24 CFR 100.205 and the accessibility requirements under section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR 8.22 and 8.23:

Jordan Downs Phase 1B Apartments complies with Program accessibility requirements as stated under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. Jordan Downs Phase 1B Apartments is designed and constructed to be readily accessible to and usable by individuals with handicaps. Additionally, fourteen total apartments (or ten percent of the total dwelling apartments) are accessible for persons with mobility impairments. These apartments are on an accessible route and are adaptable and otherwise in compliance with the standards set forth in 24 CFR 8.32. An additional six apartments are accessible for persons with hearing or vision impairments.

Jordan Downs Phase 1B Apartments complies with design and construction requirements as stated under the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205. Jordan Downs Phase 1B Apartments is designed and constructed to have at least one building entrance on an accessible route. Further, the public and common use areas are readily accessible to and usable by handicapped persons and all the doors on the premises are sufficiently wide to allow passage by handicapped persons in wheelchairs. All apartments contain the following features of adaptable design:

(i) An accessible route into and through the unit;
(ii) Light switches, electrical outlets, thermostats and other environmental controls in accessible locations;
(iii) Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, shower, stall and shower seat, where such facilities are provided; and
(iv) Usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.
The City of Los Angeles Department of Building and Safety (LADBS) considers 24 CFR in its existing procedures for the review and approval of newly constructed buildings and determinations as to whether the design and construction of such buildings are consistent with the applicable CFR sections.

Density:
The number of residential units developed in Phase 1B shall be 135 units.

Building Design:
The Project shall be designed and constructed to first class standards with careful attention given to the coordination of the residential uses. Landscape and hardscape designs shall be carefully integrated to provide ease of access, shading, secure circulation, and a pedestrian-friendly design. The Century Boulevard frontage shall be designed to enhance the pedestrian experience through such features as the inclusion of landscaping, special street- and pedestrian-level lighting and paving materials. The development shall be designed to improve community safety using CPTED design principles including maximizing community visual sight lines and minimizing areas of limited light, access, and visibility. The units shall be designed, constructed and finished to first-class standards including the provision of private patios and balconies. Shade trees, landscape screens, and flowering plants shall enhance the overall design and pedestrian orientation of the development. Design of the building, including roof profiles and building details and finishes will create a visual interest and enhance the aesthetic quality of the development.

Interior and Exterior Building Materials and Finishes:
The building shall incorporate quality materials and details. Maximum use of recycled content materials, sustainably produced materials, pre-coated building materials, and low-VOC architectural coatings; as well as durability and minimal maintenance shall be key determinants in selecting all building materials and systems. Exotic hardwoods and similar non-renewable products shall not be used.

Vehicular Access, Circulation and Parking:
The Project shall be designed to provide safe and efficient vehicular access, circulation and parking for residents. Pedestrian and automobile circulation zones will be clearly delineated to provide easy access while minimizing conflicts. Parking shall be provided as required by the Specific Plan and shall be located off-street in on-grade parking courts surrounded by residential buildings. The parking court has been designed to allow for future retrofit for EV charging equipment.

Service and Loading Areas:
Service and loading areas shall be provided in accordance with City requirements. All building services and loading space and activities, including recycling and refuse collection, shall be located off the rear building access such that they are isolated from Century Boulevard and publicly accessible areas. The areas will be enclosed and screened from view from the ground level and from neighboring buildings.

Energy Conservation:
The Project will, to the greatest extent feasible, minimize the energy required to operate the Project over its lifetime, and to incorporate "smart building" technology and alternative energy sources. As currently contemplated, energy conservation goals shall be met through efficiency and conservation, without the provision of renewable energy deployment. The Project incorporates and complies with all energy conservation recommendations and mandated codes such as California Title 24, and shall seek to significantly exceed such statutory and regulatory requirements to the greatest extent feasible. The Project will make commercially reasonable and economically feasible efforts to exceed the 2013 Title 24 requirements by at least 10%. The developer shall also achieve LEED Silver designation. Building envelope and insulation opportunities, building placement and orientation, energy-efficient building...
cooling, heating, ventilating and lighting strategies, as well as other technologies and energy conservation measures shall be included in the design requirements.

**Outdoor Recreation Space:**
Usable common open space/recreational areas shall be provided to meet the resident's recreational and open space needs. The open space/recreational areas shall provide spaces for both passive and active outdoor uses. One community park totaling approximately 30,000 square feet, and two potential pocket parks will feature:

a. Lot 9, approximately 30,000 square feet, will be built out depending on available funding. In the limited scenario, the community park will feature hydroseeded wild flowers, grass, native plants and ground covers with a walking path and trash receptacles with basic code-compliant irrigation. It will also include benches, street trees, and decomposed granite paving. In the preferred scenario with additional Strategic Growth Council funding, the community park will be more fully designed and built out including a community engagement component to determine and confirm the community desired permanent, useable, and sustainable features.

b. Two additional pocket parks are being sought in the proposed City of Los Angeles Right of Ways within Laurel and Kalmia Streets. The most likely path for these open spaces is the development of a LADOT People Street project conforming to the requirements and components of that program. The People Street program is limited in its components and intended for more retrofit applications, nonetheless, the Developer shall explore this option for additional open space in the Project.

**DEVELOPMENT APPROVALS AND ENTITLEMENTS**
The Developer shall comply with all applicable code, permit, and fee requirements of the United States of America (including A.D.A. requirements), State of California, County of Los Angeles, and the City of Los Angeles. The Developer shall submit plans to the City of Los Angeles Department of Building and Safety for plan check in a timely fashion to maintain the Schedule of Performance. It shall be the responsibility of the Developer to obtain all permits and other required approvals and entitlements as are necessary and consistent with the Agreement to ensure the construction of the Project. The Developer shall dedicate and be responsible for the construction of improvements in public rights-of-way in conformance with the requirements, if any, of the City of Los Angeles for the Project.

**OFF-SITE IMPROVEMENTS**
The B-Permit Improvements pertaining to Phase 1B are described in Access Agreement and Right of Entry document between HACLA and the Project, as well as the Scope of Development exhibit to this Loan Agreement (C-2).

**PUBLIC IMPROVEMENT BONDS**
As part of their conditions of approval, the City and the Los Angeles Department of Water and Power ("LADWP") have required that HACLA, as the owner of the Property, implement public off-site improvements to the satisfaction of those agencies. The agencies have required that HACLA provide them with corporate surety bonds in amounts equivalent to the estimated improvement costs (Surety Bond) to guarantee faithful performance of such improvements.
The Master Developer has acknowledged in Side Letter agreements that HACLA has provided such Surety Bonds and provided an indemnity as more particularly set forth in the side letters.
EXHIBIT C-2

B-Permit Improvements

[attached]
SCOPE OF DEVELOPMENT
B-PERMIT

Specific public improvements required by BF-002480.

Street: Improvements:
Juniper Street Street, sewer
Lou Dillon Avenue Street, sewer
Laurel Street Street
Kalmia Street Street
Lilac Street Street

Refer to following B-Permit cover sheet for additional information and location of improvements.
EXHIBIT D-1

Schedule of Performance for the Improvements

[attached]
## CONSTRUCTION SCHEDULE OF PERFORMANCE
### JORDAN DOWNS PHASE 1B

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date Not Later Than</th>
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<tbody>
<tr>
<td><strong>Construction</strong></td>
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</tr>
<tr>
<td>Preconstruction Meeting:</td>
<td>Thirty days after closing.</td>
</tr>
<tr>
<td>Notice to Proceed:</td>
<td>Thirty days after closing.</td>
</tr>
<tr>
<td>Construction Commencement:</td>
<td>Thirty days after closing.</td>
</tr>
<tr>
<td>Section 3 Construction Compliance Reporting:</td>
<td>Monthly beginning not later than 60 days following closing and continuing until 30 days after construction completion.</td>
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<tr>
<td>Submission of final Scope of Development and Schedule of Performance (including updated and final Park Scope of Work)</td>
<td>3/15/2019</td>
</tr>
<tr>
<td>Marketing and Lease-Up Activities begin:</td>
<td>2/15/2019</td>
</tr>
<tr>
<td>• Accept applications at an on-site location and select and screen applications</td>
<td></td>
</tr>
<tr>
<td><strong>Completion</strong></td>
<td></td>
</tr>
<tr>
<td>Receive Certificate of Occupancy for all Phase 1B Buildings</td>
<td>12/31/19</td>
</tr>
<tr>
<td>Notice delivered to HACLA requesting Certificate of Completion</td>
<td>For each building within 5 days of receiving TCO from City of Los Angeles</td>
</tr>
<tr>
<td>Final Certificate of Completion Issued by HACLA</td>
<td>90 days before Permanent Conversion</td>
</tr>
<tr>
<td>Submit Final Section 3 Construction Documentation</td>
<td>90 days after construction completion.</td>
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<tr>
<td><strong>Occupancy</strong></td>
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<tr>
<td>Lease-Up Completion</td>
<td>6 months after receipt of Final Certificate of Occupancy on last building from City of Los Angeles.</td>
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<tr>
<td>Permanent Loan Conversion</td>
<td>9 months after completion of the last building.</td>
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<td>Receive 8609</td>
<td>12 months after completion.</td>
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EXHIBIT D-2

Schedule of Performance for the B-Permit Improvements

[attached]
# B-Permit Construction Schedule

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<tr>
<td><strong>Permitting</strong></td>
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<tr>
<td>BOE Issues B-Permit Approval for Phase 1B</td>
<td>Concurrent with building permit approval, within thirty days after closing</td>
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<tr>
<td>Commence B-Permit Work</td>
<td>3/1/19</td>
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<tr>
<td>City of Los Angeles accepts Juniper Street as complete</td>
<td>4/27/19</td>
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<tr>
<td>City of Los Angeles accepts Kalmia Street as complete</td>
<td>6/29/19</td>
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<tr>
<td>City of Los Angeles accepts Laurel Street as complete</td>
<td>8/10/19</td>
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<td>City of Los Angeles accepts Lilac Street as complete</td>
<td>9/21/19</td>
</tr>
<tr>
<td>City of Los Angeles accepts Lou Dillon Street as complete</td>
<td>11/23/19</td>
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<tr>
<td>City of Los Angeles accepts all B-permit improvements as complete</td>
<td>12/15/19</td>
</tr>
</tbody>
</table>
EXHIBIT E-1

Draw Schedule

[attached]
EXHIBIT E-2

Form of Draw Request

[attached]
# USES OF FUNDS

## HACLA [RHF] LOAN DRAW SUMMARY

**BUDGET**

**Borrower:** JORDAN DOWNS 1B, LP  
**Project:** Jordan Downs Phase 1B  
**Loan No.:** HACLA RHF 1B-2018  
**Date:** 4/16/2018  
**Requisition:** 1

**Item No.** | **Item Description** | **Closing (Budget)** | **Changes** | **Current Budget** | **Revised Budget** | **HACLA Loan** | **Previous Applications** | **This Application** | **Total Completed & Drawn to Date** | **Percent Complete** | **Balance to Finish + Retainage**
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
 **A** |  | **B** |  |  |  |  |  |  |  |  |  

### Development Uses

1. **Development Construction Costs**
   - **Residential Construction**
     - **Subtotal:** 0.00

### Acquisition Cost

1. **Subtotal:** 0.00
   - **B. Development Soft Costs**
     - **Architect & Engineering**
     - **HACLA 3rd Party Reimbursement**
     - **Permits**
     - **Appraisal**
     - **Insurance**
     - **Consultants**
     - **Tax Credit Fees**
     - **Impact Fees**

### Total Uses

- **Total Uses:** 155,000.00

### Sources

- **Authority RHF Loan:** 5,356,179.00

### Certification by Borrower:

We hereby certify that to the best of our knowledge and belief, this requisition, and its supporting financial report, is true in all respects and the amounts shown on the attached invoices are eligible for disbursement at this time in accordance with the provisions of the HACLA Loan Documents including the Loan Agreement.

**Authorized Signer for Borrower:** JORDAN DOWNS 1B, LP

By: _______________________________

Milton R. Pratt, Jr.

Its: Vice President
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# USES OF FUNDS
## HACLA BRIDGE LOAN DRAW SUMMARY

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CERTIFICATION BY BORROWER:
We hereby certify that to the best of our knowledge and belief, this requisition, and its supporting financial report, is true in all respects and the amounts shown on the attached invoices are eligible for disbursement at this time in accordance with the provisions of the HACLA Loan Documents including the Loan Agreement.

Authorized Signer for Borrower: JORDAN DOWNS 1B, LP

By: ________________________________
Milton R. Pratt, Jr.
Its: Vice President
## JORDAN DOWNS PHASE 1B
### BRIDGE LOAN DRAW 1

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</tbody>
</table>
EXHIBIT F

Distribution of Net Cash Flow

[attached]
EXHIBIT F

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

Third, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

Fourth, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

Fifth, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Eighth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

Ninth, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
AMENDED AND RESTATED
AUTHORITY CONVERSION NOTE
(Jordan Downs Phase 1B)

$5,356,179.00 Los Angeles, California As of June 1, 2018


FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) (the “Authority Conversion Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Promissory Note (this “Note”) and that certain Amended and Restated Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.
(b) Interest shall accrue on the unpaid principal balance at a rate of five percent (5%) simple interest per annum (the “Interest Rate”).

c) Payments of principal and any accrued interest shall be due and payable under this Note as follows:

   (i) Immediately upon closing of a loan or grant to Borrower or any affiliate of Borrower from the Federal Home Loan Bank (the “AHP Loan”) and after repayment of the Authority Bridge Loan, the Authority Conversion Loan shall be due and payable from the proceeds of the AHP Loan, if any, pursuant to the Loan Agreement; provided, however, that if proceeds of the AHP Loan are insufficient to repay the entire Authority Conversion Loan, the remaining balance of the Authority Conversion Loan shall be repaid in accordance with subsection (ii) of this Section (c); and

   (ii) Commencing the year following Conversion, the Authority Conversion Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority Conversion Loan shall be due and payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal balance and all interest accrued on the Authority Conversion Loan thereon may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Amended and Restated Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) dated as of ____________, executed by the Borrower for the benefit of the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

   (i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

   (ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other
promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.
(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority Conversion Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority Conversion Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority Conversion Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to that certain deed of trust loan made to Borrower by the lender of the Construction First Mortgage Loan and the lender of the Permanent First Mortgage Loan.
(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[Signature Page Follows]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: _______________________________
Tina Smith-Booth
President

AGREED AND CONSENTED TO BY:

LENDER:

HOUSING AUTHORITY OF CITY OF LOS ANGELES,
a public body, corporate and politic

By: __________________________________________
Douglas Guthrie
President and Chief Executive Officer
EXHIBIT A

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

Third, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

Fourth, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

Fifth, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Eighth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

Ninth, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
EXHIBIT G-2

Form of Authority Bridge Note

[attached]
AMENDED AND RESTATED
AUTHORITY BRIDGE NOTE
(Jordan Downs Phase 1B)

$4,050,000.00

Los Angeles, California
As of June 1, 2018

THIS AMENDED AND RESTATED AUTHORITY BRIDGE NOTE – JORDAN DOWNS PHASE 1B (THIS “NOTE”) AMENDS AND RESTATES, BUT IS NOT A NOVATION OF THE AUTHORITY BRIDGE NOTE, DATED JUNE 1, 2018, IN THE ORIGINAL PRINCIPAL AMOUNT OF $4,050,000 (AS AMENDED FROM TIME TO TIME, THE “PRIOR NOTE”), EXECUTED BY BORROWER (AS DEFINED BELOW) IN FAVOR OF LENDER (AS DEFINED BELOW). THIS AMENDMENT AND RESTATEMENT IS ONLY A MODIFICATION OF THE PRIOR NOTE AND, EXCEPT FOR THE MODIFICATIONS SET FORTH HEREIN, THE DEBT OF THE PRIOR NOTE (AS AMENDED AND RESTATED HEREBY) SHALL BE AND REMAIN IN FULL FORCE AND EFFECT WITH THE CHANGES HEREIN DEEMED TO BE INCORPORATED THEREIN. THIS AMENDMENT AND RESTATEMENT DOES NOT OPERATE AS A PAYMENT, SATISFACTION, OR DISCHARGE OF THE LIABILITIES OR OBLIGATIONS EVIDENCED BY THE PRIOR NOTE. THIS AMENDMENT AND RESTATEMENT SHALL NOT RELEASE OR AFFECT THE LIABILITY OF ANY BORROWER, GUARANTOR, SURETY, OR ENDORSER OF, OR OTHERWISE AFFECT IN ANY MANNER WHATSOEVER ANY COLLATERAL SECURING THE PAYMENT OF, THE PRIOR NOTE, AS AMENDED AND RESTATED HEREBY.

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to Four Million Fifty Thousand Dollars ($4,050,000.00) (the “Authority Bridge Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Amended and Restated Authority Bridge Note (this “Note”) and that certain Amended and Restated Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of __________, 2021 (the “Loan Agreement”), with interest as provided herein from the date first set forth above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) The principal balance of this Note may be increased up to Four Million Three Hundred Thousand Dollars ($4,300,000) pursuant to Section (2) of the Lilac B-Permit Reimbursement Note. Any increase in the principal balance of this Note shall be evidence by an allonge.

(3) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement.
(4) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) Interest shall accrue on the unpaid principal balance at a rate of five percent (5%) simple interest per annum (the “Interest Rate”).

(c) Payments of principal and any accrued interest shall be due and payable under this Note as follows:

(i) Immediately upon closing of a loan or grant to Borrower or any affiliate of Borrower from the Federal Home Loan Bank (the “AHP Loan”), the Authority Bridge Loan shall be due and payable from the proceeds of the AHP Loan, if any, pursuant to the Loan Agreement; provided, however, that if proceeds of the AHP Loan are insufficient to repay the entire Authority Bridge Loan, the remaining balance of the Authority Bridge Loan shall be repaid in accordance with subsection (ii) of this Section (c); and

(ii) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority Bridge Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority Bridge Loan shall be due and payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal balance and all interest accrued on the Authority Bridge Loan thereon may be prepaid at any time, without charge or penalty.

(5) Payment of this Note is secured by an Amended and Restated Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) dated as of __________, 2021, executed by the Borrower for the benefit of the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(6) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:
(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 6(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(7) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.


(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be
provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority Bridge Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority Bridge Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.
(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority Bridge Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to that certain deed of trust loan made to Borrower by the lender of the Construction First Mortgage Loan and the lender of the Permanent First Mortgage Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[Signature Page Follows]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________________
Tina Smith-Booth
President

AGREED AND CONSENTED TO BY:

LENDER:

HOUSING AUTHORITY OF CITY OF LOS ANGELES,
a public body, corporate and politic

By: _______________________________________
Douglas Guthrie
President and Chief Executive Officer
EXHIBIT A

Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined herein shall have thing meaning set forth in the Partnership Agreement. Subject to the requirements of HCD, from and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within one hundred twenty (120) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner under the Partnership Agreement, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Special Limited Partner;

Third, to the extent of 100% of remaining Net Cash Flow (but subtracted from such amount any amounts required to pay the amounts under Sections 11.03(b)(iv) and (vi) of the Partnership Agreement), towards the payment of all amounts due under the Development Agreement until paid in full;

Fourth, to any Asset Management Fee payable to the Special Limited Partner for the current fiscal year;

Fifth, to replenish the Operating Reserve to the Operating Reserve Minimum, and then to replenish the Transition Reserve to the Transition Reserve Minimum;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Eighth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement;

Ninth, to the extent of any remaining Net Cash Flow:
(A) to the extent of 50% of remaining Net Cash Flow, towards the payment of the following Project Loans on a pari passu basis based on their respective original principal balance: (1) Housing Authority Conversion Loan (RHF Loan), (2) Housing Authority Bridge Loan, (3) Housing Authority Acquisition Loan, and (4) HCD AHSC Loan (based on an original principal balance of $11,969,111), as each such Project Loan is defined in Exhibit G to the Partnership Agreement;

(B) to the extent of 90% of the remaining 50% of Net Cash Flow, to the payment of the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement; and

(C) thereafter, pursuant to Section 11.03(b)(xi) of the Partnership Agreement.
EXHIBIT H

PERFORMANCE AND COMPLETION GUARANTY

This Authority Performance and Completion Guaranty (this “Guaranty”) is made as of this first day of June 1, 2018 by The Michaels Development Company I, L.P., a New Jersey limited partnership (the “Guarantor”), in favor of the Housing Authority of the City of Los Angeles, a public body corporate and politic organized and existing under the laws of the State of California (the “Authority”).

PREAMBLE

A. Guarantor is the sole member of Jordan Downs Phase 1B-Michaels, LLC, which is the general partner of Jordan Downs Phase 1B, LP (“Borrower”). The Borrower was formed for the purposes of acquiring, developing, constructing, maintaining, operating and leasing the Project as such term is defined in that certain Authority Loan Agreement of substantially even date herewith (“Loan Agreement”).

B. Authority is making available to the Borrower a loan to fund the development of the Project (the “Loan”) pursuant to the Loan Agreement and, as a condition to providing such funding, requires that it receive from the Guarantor its assurance that the Project will be completed.

C. Guarantor will benefit from Authority making the Loan available to the Owner.

D. Guarantor is willing to provide such a guaranty on the terms set forth in this Guaranty.

GUARANTY

In consideration of the premises and their mutual covenants contained herein, the parties hereto agree as follows with the intent to be legally bound.

1. Representations and Warranties. Guarantor makes the following representations and warranties, which, except for those made in Sections 2(d) and 2(f) hereof, shall be continuing representations and warranties until this Guaranty terminates in accordance with the provisions contained herein.

   (a) Existence and Rights. Guarantor is duly formed under the laws of the state in which it was organized without limitation as to the duration of its existence and is in good standing. Guarantor has the power and adequate authority, rights to own its property and to carry on its business as now owned by it or as the business conducted by it makes such qualification necessary, and Guarantor has the power and adequate authority to make and carry out this Guaranty.

   (b) Guaranty Authorized and Binding. The execution, delivery and performance of this Guaranty is duly authorized and does not require any consent or approval of any governmental body or other regulatory authority which has not been obtained; is not in contravention of, or in conflict with, any law or regulation or any term or provision of the Borrower’s Amended and
Restated Limited Partnership Agreement (the “Partnership Agreement”) or Guarantor’s organizational documents; and this Guaranty is a valid and legally binding obligation of Guarantor enforceable in accordance with its terms, subject to bankruptcy and other laws affecting creditors’ rights.

(c) No Conflict. The execution and delivery of this Guaranty is not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which Guarantor is a party or by which Guarantor is or may be bound or affected and does not, and will not, cause any security interest, lien or other encumbrance to be created or imposed upon any such property.

(d) Litigation. There is, as of the date hereof, no litigation or other proceeding pending or, to the best of Guarantor’s knowledge, threatened against, or affecting Guarantor except as set forth on Exhibit A which, if determined adversely to Guarantor, would have a materially adverse effect on the financial condition, properties, businesses or operations of Guarantor, or which prevents or interferes with or adversely affects Guarantor’s ability to enter into this Guaranty or the validity of this Guaranty or the carrying out of the terms hereof, and, as of the date hereof, Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority.

(e) Financial Condition. Guarantor’s current financial statements, which have been delivered to Authority, are true and correct in all material respects and fairly present the financial condition of Guarantor for the period covered thereby. Guarantor shall maintain unencumbered liquidity in the aggregate market value of not less than Five Million Dollars ($5,000,000) and minimum net worth of Ten Million Dollars ($10,000,000) during the term of this Guaranty.

(f) Solvency. Guarantor is not Insolvent (defined below) as of the date hereof and the execution and delivery of this Guaranty will not (i) render Guarantor Insolvent under generally accepted accounting principles, or (ii) result in the occurrence of Debts (defined below) beyond Guarantor’s ability to pay them when and as they mature. For the purposes of this subsection (f), “Insolvent” means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured. For the purposes of this subsection (f), “Debts” includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

2. Agreements.

(a) Guaranteed Obligations. All obligations of the Guarantor set forth below in this Section 2 are collectively called the “Guaranteed Obligations”.

(b) Guaranty of Completion. Guarantor hereby unconditionally and irrevocably agrees with Authority that, if for any reason or under any contingency (other than Authority’s default in making funds available under the Loan Agreement executed between the Authority and the Borrower of substantially even date herewith), a default (beyond the expiration of applicable notice and grace periods) occurs by the Borrower under the Loan Documents, prior to Completion and such default is continuing then, in any such event, the Guarantor will, within ten (10) days
after receipt of written notice from Authority, at Guarantor’s own cost and expense, cause lien free completion of the construction of the Project as contemplated under the Loan Documents (as defined in the Loan Agreement) within a reasonable period of time (“Completion”). Guarantor shall, using other Project sources, if available, pay all bills, expenses, charges, costs and fees relating in any manner to or otherwise in connection with the achievement of Completion of the Project. Provided that: (A) no Event of Default exists under this Guaranty; (B) Guarantor cures: (i) any outstanding Event of Default under the Loan Documents that could reasonably be expected to have a materially adverse effect on the value of the collateral for the Loan; or (ii) any default by Borrower that would be likely to cause (x) an advance by the Authority to the Guarantor of additional funds over and above the remaining Loan balance, or (y) a default under the Authority’s contractual obligations to HUD; and (C) all conditions to disbursement set forth in Section 2.7 in the Loan Agreement are satisfied, Authority agrees, subject to Section 2.7 of the Loan Agreement, to make available to Guarantor any proceeds of the Loan and any insurance proceeds that have not already been disbursed and applied to costs of the Project in accordance with the terms of the Loan Documents.

(c) Failure to Perform Under Guaranty. If Guarantor does not assume responsibility for completion of construction and commence to diligently prosecute construction within 10 days after receipt of the written notice set forth in Section 2(a)(i) hereof, Authority may, at its option but without obligation to do so, take over the Project and take such actions as Authority shall reasonably deem necessary or desirable to reach Completion. In the event Authority elects to do so, all expenditures reasonably made by Authority shall be immediately due and payable from the Guarantor to the extent such expenditures exceed the amount of the Loan and other available Project sources to Authority (unless such expenditures are payable out of the Loan or insurance proceeds) and shall bear interest from the date of expenditure at the long term Applicable Federal Rate. No such action by Authority shall release or limit the liability of Guarantor or affect the rights and obligations of the parties under the construction contract (the “Construction Contract”) between Borrower and its general contractor (the “General Contractor”).

(d) Nature of Guaranteed Obligations. This is a guaranty of payment and performance and not of collection only, and the obligations of the Guarantor hereunder shall be absolute, independent and unconditional under any and all circumstances. This Guaranty creates a direct and primary obligation to the Authority on the part of Guarantor, without regard to any other guarantors or obligor to the Authority or the value of any security or collateral held by the Authority. Without limiting the generality of the foregoing, the Guarantor’s obligations hereunder may be enforced with or without joinder of the Borrower or any other guarantors and without proceeding against the Borrower, any other guarantors or against any collateral held by the Authority, if any.

(e) Further Assurances. Guarantor will, at its sole expense, execute, acknowledge and deliver all such further documentation, instruments and assurances and the like and take all such further action as Authority shall reasonably require in order to carry out the intentions or to facilitate the provisions of this Guaranty.

(f) Obligations Absolute. The Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be affected or impaired by the following, any of which
may be taken without the consent of, or notice to, Guarantor, nor shall any of the following give Guarantor any recourse or right of action against the Owner or Authority:

(1) Any (A) express or implied amendment, modification, renewal, addition, supplement, (including without limitation, extensions beyond the original term) to the Loan Documents, the Partnership Agreement or the Construction Contract, (B) any extension of time for performance required thereby, (C) any exculpatory provision in the Loan Documents, the Partnership Agreement or the Construction Contract by operation of law or otherwise, or (D) the release of any party from performance or observance of any of the agreements, covenants, terms or conditions contained in the Loan Documents, the Partnership Agreement or the Construction Contract by operation of law or otherwise;

(2) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Guarantor, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not Guarantor shall have had notice or knowledge of any of the foregoing;

(3) Any assignment or other transfer of this Guaranty in whole or in part;

(4) Any acceptance of partial performance of the Guaranteed Obligations; or

(5) Any subordination, compromise or release of any or all of the property or other collateral, if any, securing Guarantor’s obligations under this Guaranty, or any substitution with respect thereto.

(g) Waivers. Guarantor unconditionally waives any defense other than actual performance to the enforcement of this Guaranty, including without limitation:

(1) All presentments, demands for performance, notices of nonperformance (except as provided in this Guaranty), protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty;

(2) Any right Guarantor might have, under California law, to revoke this Guaranty, it being the intention of Guarantor that this Guaranty remain in full force and effect until its termination, as provided herein; or

(3) The defense of any statute of limitations affecting the liability of Guarantor hereunder.

(h) Bankruptcy; No Discharge; Repayments. So long as this Guaranty shall be in effect, Guarantor shall not, without the prior written consent of Authority, commence or join with any other party in commencing any bankruptcy, reorganization or insolvency proceedings of or against the Borrower or otherwise affecting the Guaranteed Obligations. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or proceeding with involving or affecting the Guaranteed Obligations. As an example and not in any way of limitation, a subsequent
modification of the Guaranteed Obligations in any reorganization case in which any of the Guaranteed Obligations is considered “property of the estate” with the meaning of the United States Bankruptcy Code, or any similar laws or statutes governing receiverships or creditors’ bills, shall not affect the obligation of Guarantor to pay and perform the Guaranteed Obligations in accordance with their respective original terms. If claim is ever made upon Authority for repayment of any amount or amounts received by Authority in payment of the Guaranteed Obligations (whether or not all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Authority) and Authority is required to repay and does repay all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty, Guarantor shall be and remain liable to Authority for the amount so repaid by Authority, to the same extent as if such amount had never originally been received by Authority.

(i) Financial Statements. Until Completion of the Project, Guarantor covenants and agrees to provide Authority upon Authority’s request, within 180 days after the end of each fiscal year, with its unaudited financial statement, including a balance sheet, an income statement, and such other statements as may be reasonably required by Authority, prepared in accordance with generally accepted accounting practices consistently applied and certified as true and complete without qualification by an officer of the Guarantor. Guarantor further covenants and agrees to promptly notify Authority of any material adverse change in Guarantor’s financial condition. Guarantor agrees to provide to Authority, within 15 days after issuance or upon request of Authority, any compiled, reviewed, audited or interim financial information then available relating to Guarantor, together with a certificate from Guarantor whether there has been any material adverse change to Guarantor’s financial condition since the date of last such financial information or statements delivered to Authority.

(j) Governing Law; Consent to Jurisdiction. This Guaranty shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and entirely to be performed therein. Guarantor hereby irrevocably submits and consents to the jurisdiction of the courts of the State of California in connection with any action, suit or other proceeding arising out of or relating to this Guaranty or any action taken or omitted hereunder, and waive personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to Guarantor at its address for purpose of notice hereunder. If Guarantor, so served, should fail to appear or answer within the time prescribed by law, then Guarantor shall be deemed in default and judgment may be entered against Guarantor for the amount or other relief as demanded in any summons, complaint or other process so served. Guarantor agrees that a final judgment in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

3. Events of Default. Each of the following events shall constitute an “Event of Default” hereunder:

(a) Failure by Guarantor to perform its obligation under Section 2(a); or
(b) Failure by Guarantor to perform any other material covenant or obligation hereunder which failure shall continue for thirty (30) days after written notice of such failure is given by Authority to Guarantor.

4. Miscellaneous.

(a) Amendments; Successors. Neither this Guaranty nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. All of the terms of this Guaranty shall include the plural and vice-versa. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective. No delay or failure by Authority to exercise any remedy against Guarantor will be construed as a waiver of that right or remedy. The obligations of the Guarantor hereunder shall be binding on Guarantor, its successors and assigns. This Guaranty may not be amended by Guarantor without the prior written consent of Authority.

(b) Term. The obligations of Guarantor under this Guaranty and any instrument which grants collateral to secure such obligations shall continue in full force and effect until the latest date upon which (i) reserved, (ii) Completion or (iii) the period of time has expired during which any payment received by the Authority hereunder or any act performed by Guarantor may be determined to be a preferential or fraudulent transfer under the United States Bankruptcy Code or other similar applicable laws.

(c) Notices. All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested or by Federal Express or other receipted courier service, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service shall be deemed to have been given and received upon delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

If to Authority:  Housing Authority of the City of Los Angeles 2600 Wilshire Blvd., Third Floor Los Angeles, CA 90057 Attn: President and CEO Attn: Director of Legal Affairs

With a copy to:  Reno & Cavanaugh PLLC 455 Massachusetts Ave NW, Suite 400 Washington, DC 20001 Attn: Megan Glasheen

If to Guarantor:  Jordan Downs Phase 1B, LP 3 East Stow Road, Suite 100
(d) **Entire Agreement.** This Guaranty supersedes any prior negotiations, discussion or communications between Guarantor and Authority and collectively constitutes the entire agreement between Authority and Guarantor with respect to the Guaranteed Obligations.

(e) **Counterparts.** This Guaranty may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.
IN WITNESS WHEREOF, the parties have executed this Guaranty as of the day and year above written.

GUARANTOR:

THE MICHAELS DEVELOPMENT COMPANY I, L.P.,
a New Jersey limited partnership

By: The Michaels Development Holding Company, L.L.C.,
a New Jersey limited liability company
its general partner

By: ___________________________________
    John J. O’Donnell
    President
Attested by:

AUTHORITY:

HOUSING AUTHORITY OF
CITY OF LOS ANGELES
a public body, corporate and politic

By: _________________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
PERFORMANCE AND COMPLETION GUARANTY

EXHIBIT A

Litigation
EXHIBIT I

Investor Rider

This Rider is attached to and made a part of the promissory notes, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a Bridge Loan from the Authority in the approximate original amount of Four Million Fifty Thousand Dollars ($4,050,000.00) [which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00)] (the “Authority Bridge Loan”) and a Conversion Loan from the Authority in the approximate amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) (the “Authority Conversion Loan” together with the Authority Bridge Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase 1B, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately one hundred thirty-five (135) units of rental housing and related improvements (the “Project”). The Amended and Restated Limited Partnership Agreement forming or continuing the Borrower is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Non-recourse Obligation.** Subject to and as more particularly set forth in Section 2.10 of the Loan Agreement, the Loan is a non-recourse obligation of Borrower. Except as expressly provided in Section 2.10 of the Loan Agreement, neither Borrower nor any of its general and limited partners, nor any other party shall have any personal liability for repayment of the Loan. Except as expressly provided in Section 2.10 of the Loan Agreement, the sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan Downs Phase 1B-Michaels LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.
3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have
the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing
loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of the limited partner is: Riverside Affordable Housing Fund 37, LLC

Two Liberty Place

50 South 16th Street, Suite 2825

Philadelphia, PA 19102

Attn: Managing Director

with a copy to: Nixon Peabody LLP

100 Summer Street

Boston, MA 02110

Attn: Roger W. Holmes

and to: Riverside Manager Jordan Downs, LLC

Two Liberty Place

50 South 16th Street, Suite 2825

Philadelphia, PA 19102

Attn: Managing Director

and to: c/o Bank of America, N.A.

100 N Tryon Street

Charlotte, NC 28255

Mail Code: NC1-007-11-25

Attention: Nicole Baldon

and to: Buchalter, A Professional Corporation

1000 Wilshire Boulevard, Suite 1500

Los Angeles, CA 90017

Attn: Michael A. Williamson, Esq.

Matter Number: B0965-0345

12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.

[Signatures continue on next page]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ________________, 2021.

**AUTHORITY:**

HOUSING AUTHORITY OF
CITY OF LOS ANGELES
a public body, corporate and politic

By: ________________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the
City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

AMENDED AND RESTATED AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY LOANS
(Jordan Downs Phase 1B)

THIS AMENDED AND RESTATED AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of Trust”) is made as of _______, 2021 by and among Jordan Downs Phase 1B, LP, a California limited partnership (“Trustor”), U.S. Bank National Association (“Trustee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Beneficiary”).

WHEREAS, the Trustor and Beneficiary executed that certain Authority Loan Agreement dated as of June 1, 2018 (the “Original Loan Agreement”), whereby, in connection with the construction of a 135-unit apartment complex, commonly known as Jordan Downs Phase 1B (the “Project”), the Trustor, as borrower, agreed to borrow and the Beneficiary, as lender, agreed to lend: (i) an Authority Conversion Loan (as defined hereinafter); (ii) an Authority Bridge Loan (as defined hereinafter); and (iii) a loan in the maximum principal amount of the One Million Three Hundred Thousand Dollars ($1,300,000) (the “Authority TCC Loan”).

WHEREAS, the Authority Conversion Loan was evidenced by that certain Authority Conversion Note, the Authority Bridge Loan was evidenced by that certain Authority Bridge Note, and the Authority TCC Loan was evidenced by a certain Authority TCC Loan Note, each dated as of June 1, 2018, made by the Trustor payable to the Beneficiary and secured by the Original Deed of Trust.

WHEREAS, the Beneficiary and Trustor acknowledge that (a) the Beneficiary has not disbursed or booked disbursements of any Authority TCC Loan proceeds, (c) the Trustor has not

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received or booked receipt of any Authority TCC Loan proceeds and (c) the Beneficiary will not disburse any Authority TCC Loan proceeds to the Trustor.

WHEREAS, concurrently herewith, the Trustor and Beneficiary intend to amend, restate, and otherwise modify the Authority Conversion Note and the Authority Bridge Note, and to terminate the promissory note evidencing the Authority TCC Loan.

WHEREAS, the Trustor and Beneficiary desire to amend and modify the terms of the Original Deed of Trust, and have agreed, for purposes of convenience, to amend and restate the Original Deed of Trust in its entirety as follows:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys, and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's leasehold interest in the property located in the City of Los Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A, incorporated herein by this reference, and the Trustor's fee interest in any improvements constructed thereon (collectively, the “Property”).

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the Rents (as defined in Section 2.3);

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys, and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;
TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process, and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues, and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks, and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions, and proceeds; and all books, records, and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “Security.” To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

(c) Performance of every obligation, covenant, or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:
(a) "Authority Bridge Loan" shall mean the loan to the Borrower pursuant to the Loan Agreement (as defined herein) in the maximum original amount of Four Million Fifty Thousand Dollars ($4,050,000.00) which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00) pursuant to the terms of the Authority Bridge Note and the B-Permit Note (as defined in the Loan Agreement), advanced for the purpose of bridging construction financing to Borrower between Closing and Borrower’s anticipated closing on the AHP Loan as contemplated in Section 2.4(b) of the Loan Agreement. The Authority Bridge Loan shall be evidenced by the Authority Bridge Note.

(b) "Authority Bridge Note" shall mean that certain Amended and Restated Authority Bridge Note, dated as of June 1, 2018, evidencing the Authority Bridge Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust.

(c) "Authority Conversion Loan" shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00), consisting of Replacement Housing Factor funds converted pursuant to the RAD Program. The Authority Conversion Loan shall be evidenced by the Authority Conversion Note.

(d) "Authority Conversion Note" shall mean that certain Amended and Restated Authority Conversion Note, dated as of June 1, 2018, evidencing the Authority Conversion Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust.

(e) Reserved.

(f) Reserved.

(g) "Loan" means, collectively, the Authority Conversion Loan and the Authority Bridge Loan.

(h) "Loan Agreement" means that certain Amended and Restated Authority Loan Agreement between Trustor and Beneficiary dated as of ____________, 2021, providing for the Beneficiary to loan to Trustor the Authority Conversion Loan and the Authority Bridge Loan for certain development costs and permanent financing related to the development of the Property.

(i) "Loan Documents" means this Deed of Trust, the Authority Conversion Note, the Authority Bridge Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(j) "Note" means, collectively, the Authority Conversion Note and the Authority Bridge Note. Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.

(k) "Principal" means the principal amount required to be paid under the Note.

(l) "Senior Deed of Trust" means any deed of trust to which this Deed of Trust is subordinated.
(m) “Senior Lender” means the beneficiary of a Senior Deed of Trust.

(n) “Senior Loan” means that certain (1) construction loan from Bank of America, N.A, a national banking association, in the approximate amount of Thirty-Six Million Seven Hundred Fifty Thousand Two Hundred Eight Dollars ($36,750,208) funded with proceeds from the sale of Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (Jordan Downs Phase 1B Apartments) Series 2018A-1 issued by the City of Los Angeles and (2) Fannie Mae permanent loan from Berkadia Commercial Mortgage LLC, a Delaware limited liability company, in the approximate amount of Eighteen Million Nine Hundred Seventeen Thousand Five Hundred Dollars ($18,917,500.00), and refinancings of such loans pursuant to Section 4.13(d) of the Loan Agreement.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. Trustor agrees that at all times prior to full payment of the sum owed under the Note, Trustor will, at Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. Trustor will from time to time make or cause to be made all repairs, replacements, and renewals deemed proper and necessary by it. If there arises a condition in contravention of this requirement, and if the Trustor has not cured such condition within thirty (30) days after receiving a Beneficiary notice of such a condition, and the Trustor has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Beneficiary, the Beneficiary shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security. Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates, and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.
Section 2.2  **Granting of Easements.** Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

Section 2.3  **Assignment of Rents.** As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable (collectively, the “**Rents**”). After the occurrence and during the continuation of an Event of Default (as defined in Section 7.1), Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such Rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Trustor shall apply the Rents so collected to the sums secured by this Deed of Trust with the balance, so long as no Event of Default has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of an Event of Default shall contain a statement that Beneficiary exercises its rights to such Rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said Rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates of such Rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter
upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation, or modification of leases, the collection of all Rents of the Property, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon an Event of Default, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All Rents collected upon and during the continuation of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor, or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the Rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges, and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge, or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments, or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as
provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account, or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 **Provisions Respecting Insurance.** Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to Beneficiary upon demand therefor at any time prior to Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 **Advances.** In the event Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance, pay the premiums on the same, make such repairs or replacements as are necessary and provide for payment thereof, or expend such funds as necessary to remedy such failure by Trustor; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts Trustor agrees to pay on the demand of Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

**ARTICLE 4**

**DAMAGE, DESTRUCTION OR CONDEMNATION**

Section 4.1 **Awards and Damages.** All judgments, awards of damages, settlements, and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to Beneficiary by a check made payable to Beneficiary. Such Funds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in Beneficiary's reasonable discretion. Such work or repair shall be in accordance with plans and specifications approved by the Beneficiary and commenced no later than the later of (a) one hundred twenty (120) days after the damage or loss occurs or (b) thirty (30) days following
receipt of the Funds, and shall be complete within one (1) year thereafter. If such restoration or repair is not economically feasible, or if Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the Funds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. Beneficiary must consent to the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of Beneficiary under this Section 4.1 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property. Trustor shall duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses. In the event of any Event of Default (as defined in Section 7.1) hereunder, and if Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of Trustor in this Deed of Trust, Trustor agrees that it will, on demand therefor, pay to Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by Beneficiary; and any such amounts paid by Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal. Trustor shall pay to Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property; Fixture Filing. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. Trustor hereby grants Beneficiary a security interest in such items.

Section 5.5 Financing Statement. Trustor shall execute and deliver to Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Beneficiary a valid perfected security interest in the Security. Trustor agrees to perform all acts which Beneficiary may reasonably request so as to enable Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the
security interest established pursuant to this instrument. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transforee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and ground water conditions; provided however, that if any condition causing non-compliance with this Section existed at the Property prior to the date of this Agreement or at other property within the vicinity of the Leased Premises, the Borrower shall not be in default hereunder. Trustor shall not use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively referred to hereinafter as “Hazardous Materials”) except such of the foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Trustor or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials,
(“Hazardous Materials Law”); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as “border-zone property” under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees; provided however that this indemnification shall not apply to any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to any condition that existed at the Property prior to the date of this Deed of Trust or at other property within the vicinity of the Property.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree, or compromise might, in Beneficiary's reasonable judgment, impair the value of Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

Trustor hereby acknowledges and agrees that (i) this Article is intended as Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the...
environmental condition of the property is intended by Beneficiary and Trustor to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: “No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute an Event of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents within ten (10) days after the date due; (2) failure to observe or perform any of Trustor's other covenants, agreements, or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Loan Agreement); or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein, provided, however, to the extent that the Trustor cures its failure to perform as described in this Section 7.1(3), Trustor shall be deemed to have cured the Event of Default arising from this Section 7.1(3).

Section 7.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of Beneficiary, the amount of any payment related to the Event of
Default and the unpaid Principal of the Note (including all interest thereon) shall immediately become due and payable, upon written notice by Beneficiary to Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be continuing, Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall give notice to Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor according to California Civil Code Section 2924g(b), at public
auction to the highest bidder, for cash in lawful money of the United States payable at the time of
sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or
deeds conveying the property so sold, but without any covenant or warranty, express or implied. The
recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof.
Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at such
sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including
costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to
payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary
under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any,
to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public
announcement at such time and place of sale, and from time to time thereafter, and without further
notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a
new Notice of Sale.

Section 7.5 Receiver. If an Event of Default shall have occurred and be continuing,
Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the
Security, and without regard to the then value of the Security or the interest of Trustor therein, shall
have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the
Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives
further notice of any application therefor. Any such receiver or receivers shall have all the usual
powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary
in case of entry as provided herein, and shall continue as such and exercise all such powers until the
date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative. No right, power, or remedy conferred upon or reserved
to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power, or remedy,
but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in
addition to any other right, power, and remedy given hereunder or now or hereafter existing at law
or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy
accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or
shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every
right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to
time and as often as may be deemed expeditious by Beneficiary. Beneficiary's expressed or implied
consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be
deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation
or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of
any act or failure to act or to declare an Event of Default, irrespective of how long such failure
continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights,
power, or remedies consequent on any Event of Default by Trustor.
(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety, or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule, or order would impair the Security thereunder or be prejudicial to the interest of Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings affecting Trustor, its creditors, or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

Section 7.10 Waiver. Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments: Prior Agreements. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that (i) all sums secured hereby have been paid or forgiven, and (ii) that all obligations of Trustor under the Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for
cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices. If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand, or communication upon the other party, such notice, demand, or communication shall be in writing and shall be served by depositing the same in the registered United States mail, return receipt requested, postage prepaid and:

If to Beneficiary: Housing Authority of City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer
Attn: Director of Legal Affairs

with copy to: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attn: Director of Legal Affairs

with copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen

If to Trustor: Jordan Downs Phase 1B, LP
c/o The Michaels Organization
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown

Any notice, demand, or communication shall be deemed given, received, made, or communicated, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.
Section 8.5 **Captions.** The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 **Invalidity of Certain Provisions.** Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 **Governing Law.** This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 **Gender and Number.** In this Deed of Trust, the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 **Deed of Trust, Mortgage.** Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 **Actions.** Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 **Substitution of Trustee.** Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 **Statute of Limitations.** The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 **Acceptance by Trustee.** Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.
Section 8.14 Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST

This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan and the Senior Deed of Trust, and the liens, rights, payment interests, priority interests, and security interests granted to Beneficiary hereunder and the Loan and the Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject to the terms of the Subordination Agreement (Jordan Downs – Housing Authority by and among Beneficiary, Trustor and Senior Lender of even date herewith. Exhibit B and Exhibit C, attached hereto, are hereby incorporated into this Deed of Trust by this reference.

[remainder of this page intentionally left blank]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

**TRUSTOR:**

**JORDAN DOWNS PHASE 1B, LP,**

a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,

a California limited liability company

its administrative general partner

By: _______________________________

Milton R. Pratt, Jr.

Vice President

By: La Cienega LOMOD, Inc.,

a California nonprofit public benefit corporation,

its managing general partner

By: _______________________________

Tina Smith-Booth

President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On ______________________, before me, _______________________, Notary Public, 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.

Signature __________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of ______________________

On _________________________, before me, ________________________, Notary Public, 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.

Signature ______________________
EXHIBIT A

Legal Description

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a Bridge Loan from the Authority in the maximum principal amount of Four Million Fifty Thousand Dollars ($4,050,000.00) (the “Authority Bridge Loan”) and a Conversion Loan from the Authority in the approximate amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) (the “Authority Conversion Loan” and together the Authority Bridge Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase 1B, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately one hundred thirty-five (135) units of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership dated as of June 1, 2018, as amended by that certain First Amendment to the Amended and Restated Agreement of Limited Partnership, dated as of June 13, 2020, as may be further amended, forming or continuing the Borrower and previously approved by Lender (the “Partnership Agreement”).

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Non-recourse Obligation.** Subject to and as more particularly set forth in Section 2.10 of the Loan Agreement, the Loan is a non-recourse obligation of Borrower. Except as expressly provided in Section 2.10 of the Loan Agreement, neither Borrower nor any of its general and limited partners, nor any other party shall have any personal liability for repayment of the Loan. Except as expressly provided in Section 2.10 of the Loan Agreement, the sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan Downs Phase 1B-Michaels LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership
Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial
repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of Riverside Affordable Housing Fund 37, LLC
the limited partner is: c/o Riverside Capital, LLC
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

with a copy to: Nixon Peabody LLP
100 Summer Street
Boston, MA 02110
Attn: Roger W. Holmes

and to: Riverside Manager Jordan Downs, LLC
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

and to: c/o Bank of America, N.A.
100 N Tryon Street
Charlotte, NC 28255
Mail Code: NC1-007-11-25
Attn: Nicole Baldon

and to: Buchalter, A Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Matter Number: B0965-0345

12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.
In Witness Whereof, the undersigned have caused this Rider to be executed this ___ day of ______________, 2021.

LENDER:

HOUSING AUTHORITY OF CITY OF LOS ANGELES,
a public body, corporate and politic

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
EXHIBIT C

RAD Rider to Loan Documents

JORDAN DOWNS PHASE 1B, LP AND HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

This RAD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE 1B, LP, a California limited partnership (the “Borrower”), in connection with a loan of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) in public housing funds converted to Rental Assistance Demonstration funds and a bridge loan of up to Four Million Fifty Thousand Dollars ($4,050,000.00) (collectively, the “Authority Funds”) by the Authority to the Borrower to be used in construction of a 135-unit apartment complex known as Jordan Downs Phase 1B (the “Project”) on the property described in Exhibit A attached hereto (the “Property”).

1. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. **Defined Terms.** Capitalized terms not defined herein are as defined in the Loan Documents.

3. **HUD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, Lender acknowledges that thirty-eight (38) units in to be constructed on the Property are subject to: (a) requirements applicable to the U. S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice PIH-2012-32(H) Rev-3 (January 12, 2017), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)). Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. **Subordination to RAD Use Agreement.** The lien on the Property pursuant to the Loan Documents is subordinate and subject to the RAD Use Agreement pursuant to that certain Agreement to Subordinate to the Rental Assistance Demonstration Use Agreement as of substantially even date herewith.
5. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements.

6. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

7. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:

   **If to HUD, to:**
   
   United States Department of Housing and Urban Development
   
   451 Seventh Street, S.W.
   
   Washington, DC 20410
   
   Attn: Office of the General Counsel

   [Signatures on Following Page]
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

BORROWER:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of ______________________  

On _________________________, before me, ___________________________, Notary Public, 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.

    Signature_________________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ____________________________,
Notary Public, personally appeared ____________________________, (insert name and title of the officer)
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.

Signature_________________
AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
a public body, corporate and politic

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _______________________, before me, (insert name and title of the officer), Notary Public, 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.

Signature ______________________

{D1092053.DOCX / 3}  DC114-114}
EXHIBIT A

Legal Description

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
FIRST AMENDMENT TO GROUND LEASE AGREEMENT

Jordan Downs Phase 1B

This FIRST AMENDMENT TO GROUND LEASE AGREEMENT (this “Amendment”) is entered into as of the ___ day of ____________, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California (“Landlord”), and JORDAN DOWNS PHASE 1B, LP, a California limited partnership (“Tenant”).

RECITALS

A. Landlord owns that certain real property situated in Los Angeles, California, as more particularly described on Exhibit A attached hereto (the “Leased Premises”).

B. Landlord and the Tenant entered into that certain Ground Lease Agreement dated as of June 1, 2018 (the “Ground Lease”), evidenced by that certain Memorandum of Ground Lease dated June 1, 2018 and recorded June 14, 2018 in the Official Records as Document No. 20180590856.

WHEREAS, the parties desire to amend the Ground Lease to reflect certain amended and modified terms agreed to by the parties, as set forth in this Amendment;

NOW, THEREFORE, for and in consideration of the foregoing premises, the covenants, representations, warranties, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by reference.

2. Capitalized Terms. Capitalized terms used but not defined herein (including in the Recitals) shall have the meanings set forth in the Ground Lease.

3. Definitions. The following defined terms in Section 1.1 of the Ground Lease are amended as follows:

   (d) “Approved Financing” shall mean all of the following loans and financing acquired by Tenant and approved by Landlord for the purpose of financing the acquisition and construction of the Project (and future refinancing of the Approved Financing with the prior written approval of Landlord pursuant to Section 3.2):

   (1) A construction loan from Bank of America, N.A., in the total approximate amount of Thirty Two Million Six Hundred Fifty Thousand Dollars ($32,650,000.00), funded with proceeds from the sale of Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (Jordan Downs Phase 1B Apartments) Series 2018A-1 issued by the City of Los Angeles (the “Construction First Mortgage Loan”);
(2) A Fannie Mae permanent loan from Berkadia Commercial Mortgage LLC, in the approximate amount of Eighteen Million Nine Hundred Seventeen Thousand Five Hundred Dollars ($18,917,500.00) (the “Permanent First Mortgage Loan”) which amount is subject to Fannie Mae underwriting requirements at conversion and which Permanent Mortgage Loan shall be sold and assigned to Fannie Mae at conversion;

(3) An acquisition loan from the Landlord in the approximate amount of One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00) (the “Authority Acquisition Loan”);

(4) A conversion loan from the Landlord in the maximum principal amount of Five Million Three Hundred Fifty-Six Thousand One Hundred Seventy-Nine Dollars ($5,356,179.00) (the “Authority Conversion Loan”);

(5) A bridge loan from the Landlord in the approximate original amount of Four Million Fifty Thousand Dollars ($4,050,000.00) [which may increase to a maximum principal amount of Four Million Three Hundred Thousand Dollars ($4,300,000.00) pursuant to the terms of the Authority Bridge Note and the B-Permit Note] (the “Authority Bridge Loan”);

(6) Investor equity funds generated from the sale of Low Income Housing Tax Credits in the approximate amount of Twenty-Five Million Three Hundred Ninety-Three Thousand Seven Hundred Six Dollars ($25,393,706.00) (the “Tax Credit Equity”);

(7) An Affordable Housing and Sustainable Communities loan in the approximate amount of Nine Million Nine Hundred Thirty-Nine Thousand One Hundred Sixty-Eight Dollars ($9,939,168.00) (the “HCD Loan”);

(8) An Affordable Housing and Sustainable Communities loan from the Landlord in the approximate amount of Two Million Five Thousand Nine Hundred Forty-Three Dollars ($2,005,943.00) (the “HCD Grant”);

(9) A loan from the Landlord in the maximum principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) pursuant to that certain B-Permit Reimbursement and Offsite Improvement Access Agreement (the “B-Permit Agreement”) and that certain Lilac B-Permit Reimbursement Note (the “B-Permit Note”), each dated as of June 1, 2018, for the development of the Lilac Street Improvements (as defined in the B-Permit Agreement) (the “B-Permit Loan”). The B-Permit Note and repayment obligations thereunder were assigned by the Tenant to Primestor Jordan Downs LLC, with the consent of the Landlord, pursuant to that certain Assignment of B-Permit Reimbursement Loan Documents, dated as of June 15, 2015; and

(10) If obtained by the Tenant, an Affordable Housing Program loan from the Federal Home Loan Bank in the approximate amount of One Million Dollars ($1,000,000.00) (the “AHP Loan”).
(g) "Authority Acquisition Note" shall mean that certain Amended and Restated Authority Acquisition Note executed by Tenant in favor of Landlord, dated as of June 1, 2018.

(i) "Authority Loan Agreement" shall mean that certain Amended and Restated Authority Loan Agreement by and between the Landlord, as lender, and the Tenant, as borrower, dated as of substantially even date herewith, governing the Authority Loan.

(ii) "Memorandum of Lease" shall mean that certain Memorandum of Ground Lease dated June 1, 2018 and recorded June 14, 2018 in the Los Angeles County, California real property records as Document No. 20180590856, as amended by that certain First Amendment to Memorandum of Lease dated as of substantially even date here with and to be recorded against the Leased Premises in the Official Records.

4. Leased Premises. Section 2.1 of the Ground Lease is deleted and replaced in its entirety as follows:

Section 2.1 Leased Premises. Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Landlord has leased, demised, and let, and by these presents does hereby lease, demise, and let unto Tenant, and Tenant hereby leases and takes from Landlord, the Leased Premises. Tenant has compensated Landlord for the purchase of the 75-year leasehold interest created by this Lease in the amount of One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00), pursuant to the following documents, as amended from time to time, entered into by and between the Landlord and Tenant: the DDA, Authority Acquisition Note, and Authority Acquisition Deed of Trust. Landlord and Tenant acknowledge and agree that the principal amount of the Authority Acquisition Note, One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00), represents the purchase price of the Leased Premises.

5. Rents. Section 4.1 of the Ground Lease is deleted and replaced in its entirety as follows:

Section 4.1 Rent. Upon execution of this Lease, Tenant has compensated Landlord for the acquisition of the leasehold interest created by this Lease in the amount of One Million Two Hundred Ninety-Four Thousand Fifty-Seven Dollars ($1,294,057.00) which represents the purchase price of the Leased Premises. Payment of Rent shall be made by execution of the Authority Acquisition Note.

6. First Amendment to Memorandum of Lease. The Parties shall execute and acknowledge the First Amendment to Memorandum of Lease, in the form attached hereto as Exhibit B, which Tenant shall cause to be immediately recorded in the Official Records at Tenant’s expense.


(a) The Ground Lease is not amended in any other respect.
(b) Tenant affirms its obligations under the Ground Lease, as amended hereby, and Tenant agrees that such obligations are the valid and binding obligations of Tenant, enforceable in accordance with its terms, subject to no counterclaim, objection or defense.

(c) The Parties agree to execute and acknowledge (or cause to be executed or acknowledged) and deliver all documents and take all actions reasonably required by any of the parties from time to time to give effect to the provisions of this Amendment or otherwise carry out the purposes of this Amendment.

(d) This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[signature pages follow]
IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the day and year first above written.

LANDLORD:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
a public body, corporate and politic

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
TENANT:

JORDAN DOWNS PHASE 1B, LP,
   a California limited partnership

By:  Jordan Downs Phase 1B-Michaels LLC,
      a California limited liability company
      its administrative general partner

                      _______________________________
By:                           Milton R. Pratt, Jr.
                              Vice President

By:  La Cienega LOMOD, Inc.,
      a California nonprofit public benefit corporation,
      its managing general partner

                      _______________________________
By:                           Tina Smith-Booth
                              President
EXHIBIT A

Leased Premises

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
EXHIBIT B

First Amendment to Memorandum of Ground Lease

RECORDING REQUESTED BY:
Housing Authority of the City of Los Angeles

WHEN RECORDED MAIL TO:
Reno & Cavanaugh, PLLC
Attn: Megan Glasheen
455 Massachusetts Ave., Suite 400
Washington, DC 20001

No fee for recording pursuant to
Government Code Section 27383

FIRST AMENDMENT TO MEMORANDUM OF GROUND LEASE

Jordan Downs Phase 1B

THIS FIRST AMENDMENT TO MEMORANDUM OF GROUND LEASE is made as of __________, 2021, by and among the Housing Authority of the City of Los Angeles, a public body, corporate and politic, (“Landlord”) and Jordan Downs Phase 1B, LP, a California limited partnership (“Tenant”).

WHEREAS, Landlord owns that certain real property situated in Los Angeles, California, as more particularly described on Exhibit A attached hereto (the “Leased Premises”);

WHEREAS, Landlord and Tenant entered into that certain Ground Lease Agreement dated as of June 1, 2018 for the Leased Premises (the “Lease”), as evidenced by that certain Memorandum of Ground Lease dated June 1, 2018 and recorded on June 14, 2018 as File No. 20180590856 in the Los Angeles County Clerk’s Office (the “Memorandum”);

WHEREAS, Landlord and tenant entered into that certain First Amendment to Ground Lease Agreement, dated as of even date herewith (the “Amendment”), to amend and modify certain terms of the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Memorandum to acknowledge and evidence the Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be mutually bound, the Landlord and Tenant do hereby amend the Memorandum as follows:
1. Landlord and Tenant entered into the Lease, dated June 1, 2018.

2. Landlord and Tenant entered into the Amendment, dated ____________, 2021.

3. Unless otherwise provided herein, all capitalized terms shall have the meaning set forth in the Lease, as amended by the Amendment.

4. Except as set forth in the Amendment, the Lease remains in full force and effect.

5. This First Amendment to Memorandum of Ground Lease contains only selected provisions of the Lease, Amendment and Memorandum. Reference is hereby made to the Lease, Amendment and Memorandum for the full terms and conditions, which shall control.

6. This First Amendment to Memorandum of Ground Lease is solely for recording purposes and shall not be construed to alter, amend, or supplement the Lease and Amendment.

[signature pages follow]
IN WITNESS WHEREOF, the parties have caused this First Amendment to Memorandum of Ground Lease to be duly executed as of the date first above written.

LANDLORD:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES,
a public body, corporate and politic

By: ___________________________
Name: Douglas Guthrie
Its: President and Chief Executive Officer

WITNESS:


[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )
 )
COUNTY OF _____________ )

On ____________________, before me, ________________________________________, a Notary Public, 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.

Signature _______________________________
TENANT:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President

WITNESS:

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF _____________  

On ____________________, before me, ________________________________________, a Notary Public, 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.

Signature _______________________________
EXHIBIT A
Jordan Downs Phase 1B

PROPERTY DESCRIPTION

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
FIRST AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT
FOR THE REDEVELOPMENT OF THE
JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Jordan Downs Phase 1B

This FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY (this “Amendment”) is entered into as of the ____ day of ____________, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California (the “Authority”), JORDAN DOWNS PHASE 1B, LP, a California limited partnership (“Partnership”), and THE MICHAELS DEVELOPMENT COMPANY I, L.P., a New Jersey limited partnership (“Developer”). The Authority, the Partnership and the Developer are collectively referred to herein as the “Parties.”

WHEREAS, the Landlord and the Tenant entered into that certain Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community dated as of June 1, 2018 (the “Agreement”) for the development of that certain real property situated in Los Angeles, California, as more particularly described on Exhibit A attached hereto (the “Property”);

WHEREAS, the Parties desire to amend and modify the Agreement as set forth in this Amendment;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby enter into this Amendment on the terms and conditions set forth herein.

1. Recitals. The foregoing recitals are incorporated herein by reference.

2. Capitalized Terms. Capitalized terms used but not defined herein (including in the Recitals) shall have the meanings set forth in the Agreement.

3. Scope of Development. Section 2.1 of the Disposition and Development Agreement is deleted and replaced in its entirety as follows:

   Section 2.1 Scope of Development. As more fully described in the Scope of Development, the “Project” will consist of the construction on the Phase 1B Site and adjacent areas of (i) one hundred thirty-five (135) residential units of which one hundred thirty-two (132) shall be Tax Credit Units (as defined in the Ground Lease), one (1) unit shall be a RAD Unit (as defined in the Ground Lease), but not a Tax Credit Unit, and two (2) units shall be a resident manager units (collectively, the “Improvements”), (ii) Phase 1B B-Permit Improvements described in the Authority Loan Documents, and (iii) the preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. RAD, PBV, or unrestricted) are described in Exhibit B.

4. Park Improvements. The Section entitled “Scope of Development – Park Improvements” in Exhibit B of the Agreement is hereby deleted in its entirety.
5. **Financing Plan.** The Financing Plan attached to the Agreement as Exhibit D is hereby deleted and replaced with the Financing Plan attached hereto as Exhibit D-1 of this Amendment.

(2) **AUTHORIZATION & RATIFICATION.**

(a) This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

(b) Except as amended hereby, the Agreement remains unchanged and in full force and effect and the Parties hereto hereby ratify and reaffirm the terms of the Agreement as amended hereby.

(c) Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

[signature pages follow]
IN WITNESS WHEREOF, the Parties have duly executed this Amendment by their duly authorized signatories effective on or as of the date written at the commencement of this Amendment.

AUTHORITY:

HOUSING AUTHORITY
OF THE CITY OF LOS ANGELES,
a public body, corporate and politic

By: ________________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:

AUTHORITY SENIOR STAFF ATTORNEY

By: ________________________________
Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:

RENO & CAVANAUGH, PLLC

By: ________________________________
Megan Glasheen, Esq.

[signatures continue on the following page]
PARTNERSHIP:

JORDAN DOWNS PHASE 1B, LP,
a California limited partnership

By: Jordan Downs Phase 1B-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Milton R. Pratt, Jr.
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
DEVELOPER:

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
a New Jersey limited partnership

By: ________________________________
Name: ________________________________
Title: ________________________________
EXHIBIT A

Description of the Property

The land referred to herein is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

Lots 10, 12, 13 and 14 of Tract No. 72805, in the City of Los Angeles, County of Los Angeles, State of California, filed November 23, 2016, in Book 1394, Page(s) 49 through 57, inclusive, Los Angeles County Records.

Except from that portion of said land not included within Nevada Vista Villa Tract, as per Map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in Deed recorded December 30, 1952 Series No. 3806 of Official Records.
EXHIBIT D-1

Financing Plan

[attached]