RESOLUTION OF LA CIENEGA LOMOD, INC., THE SOLE MEMBER OF LOMOD RHC I, LLC, A SINGLE PURPOSE ENTITY AND MANAGING GENERAL PARTNER OF ROSE HILL COURTS I HOUSING PARTNERS, L.P., AUTHORIZING AND APPROVING THE EXECUTION OF THE ROSE HILL COURTS PHASE I PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS BY THE PRESIDENT, OR HER DESIGNEE, MAKING A $2.0 MILLION CAPITAL CONTRIBUTION DURING CONSTRUCTION, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THERewith

_________________________ ________________________________
Tina Smith-Booth Lisette Belon
President Secretary

Purpose: Approve and adopt the Resolution of La Cienega LOMOD, Inc., the sole member of LOMOD RHC I, LLC, a single purpose entity and Managing General Partner of Rose Hill Courts I Housing Partners, L.P. (the “Partnership”), authorizing and approving execution of the Rose Hill Courts Phase I project (the “Project”) ownership, financing and related documents and agreements by the President, or her designee, and the undertaking of various actions in connection therewith. Specifically, La Cienega LOMOD, Inc., will make a $2,000,000 capital contribution during construction to the Partnership and receive $2,000,000 in Developer Fee at stabilization.

Regarding: On December 17, 2020, by Resolution 2020-05, the La Cienega LOMOD, Inc. (“La Cienega”) Board of Directors (“BOD”) authorized La Cienega, in its capacity as the sole member of LOMOD RHC I, LLC, a single purpose entity wholly controlled by La Cienega, to enter into Rose Hill Courts I Housing Partners, L.P. as the Managing General Partner (“MGP”); authorized and approved the execution by the La Cienega President, or her designee, of the First Amended and Restated Limited Partnership Agreement and related documents and agreements and the undertaking of various actions in connection therewith.

On March 25, 2021, by Resolution LA CIENEGA LOMOD-2021-02, the BOD authorized LOMOD to enter into, execute, and deliver all required agreements, certificates and documents, including a standard agreement, for a loan to the Partnership from the State of California Department of Housing and Community Development (“HCD”) pursuant to the Affordable Housing and Sustainable Communities program (the “AHSC Program”) in furtherance of the redevelopment of Rose Hill Courts Phase I.

On March 25, 2021, by Resolution LA CIENEGA LOMOD-2021-03, the BOD authorized and approved an exception to HACLA’s and its Related Entities’ Debt Management Policy (MPP 107.7), specifically Section VII-Derivative Products, to allow La Cienega to enter into interest rate swap and other pre-closing, ancillary financing documents and related
applications, documents and agreements, on behalf of the MGP and the Partnership in order to facilitate the redevelopment of Rose Hill Courts, and that staff would return to the BOD with substantially final financing, HUD and development transaction documents, including the swap documents, for final approval by the BOD.

Issues:

**Background:** The overall redevelopment plan involves the demolition of the existing 15 structures and construction of a total of 185 residential housing units (183 affordable housing units plus two unrestricted managers’ units) to be developed in two phases. Phase I includes 89 units developed in two four-story elevator buildings with flats, designed to provide maximum accessibility for the existing tenant population (many of whom are elderly/disabled), who would move into Phase I once it is completed. Phase I would include a community room and an onsite leasing office as well as an outdoor garden, exercise, seating and children’s play space. Phase I includes a total of 56 parking spaces onsite and 80 bicycle parking spaces; upgraded lighting, fencing, and security features; and storm drain and utility improvements. The new sustainably-designed buildings include energy efficient solar panels and landscaping with water-efficient irrigation. Phase II, which is intended to initiate construction after Phase I is fully leased, will include the balance of 96 units and will be developed along with additional outdoor and community space on the remainder of the Rose Hill Courts redevelopment site.

As part of this redevelopment, RHC households will benefit from one mile of bikeway paths that connect to the existing bicycle network, new sidewalks and the purchase of eight new electric DASH buses to strengthen connections to transit for the entire neighborhood. A workforce development partnership with GRID Alternatives will bring solar installation job training and job placement to disadvantaged residents. By developing new housing near an existing transit plaza, this project implements the City of Los Angeles’ Community Plan’s policy to encourage pedestrian activity and the use of public transportation.

The Developer has progressed significantly in finalizing its construction drawings for the Phase I Project and expects to be able to pull all building permits necessary to start construction in June 2021 and anticipate construction will be completed within 24 months.

**Developer/ Ownership:**

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, a single purpose entity with The Related Companies of California, LLC as its controlling member, will serve as the Administrative General Partner (“AGP”) of the Partnership. Pursuant to Resolution 2020-5 of the BOD, approved in December 2020, LOMOD RHC I, LLC, a single purpose entity whose sole member is La Cienega, entered into the Partnership as the Managing General Partner with a 0.005% ownership interest. The LIHTC equity investor, Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (“Equity Investor”), will be admitted as the investor.
limited partner of the Partnership at financial closing and the execution of an Amended and Restated Agreement of Limited Partnership.

**Role as the MPG/Deal structure:**

As per the terms of the HACLA Board of Commissioners ("BOC") approved DDA, after the closing of construction financing for the Project, as the MGP, will perform those responsibilities required by the State Board of Equalization ("SBOE") to maintain the property tax welfare exemption for the Project and other responsibilities, in accordance with the Amended and Restated Agreement of Limited Partnership. Remaining Partnership responsibilities will be performed by the AGP or will be delegated to the AGP by the MGP under the supervision of the MGP as required by the SBOE.

**Management Fees:**

The Partnership shall pay the following fees (collectively, the "Management Fees") pari passu out of Net Cash Flow in the manner described below, provided, that the amount of such fees are subject to final Equity Investor and lender underwriting:

(a) MGP Partnership Management Fee. The MGP shall receive a partnership management fee of $5,000 per year increased annually by 3% payable out of Net Cash Flow;

(b) Equity Investor Asset Management Fee. It is anticipated that the Investor Limited Partner will receive an Asset Management Fee of approximately $5,000 per year increased annually by 3% payable out of Net Cash Flow;

(c) AGP Partnership Management Fee. The AGP shall receive a partnership management fee of $10,000 per year increased annually by 3% payable out of Net Cash Flow; and

(d) AGP and MGP Incentive Management Fee. The AGP and MGP will collectively receive an incentive management fee payable from 90% of Net Cash Flow remaining after payments on subordinate soft loans, including HACLA loans. The projected split of incentive management fee is 75% to the AGP and 25% to the MGP.

**Developer Fee:**

The Partnership shall pay a developer fee (the "Developer Fee") from available sources in the amounts and at times to be shown on the final Financing Plan (as defined in the DDA) and on draw schedules approved by the Partnership, the Equity Investor, and Project lenders. Any deferred Developer Fee shall be payable from Net Cash Flow and shall bear interest at an annual rate of one-half percent (0.5%). The Developer Fee will be paid solely out of the Partnership's equity, private debt, or cash flow and capital proceeds. The Developer Fee is projected to be $5,500,000. With respect to the first $3,500,000 of the Developer Fee paid, the AGP shall be entitled to eighty-five percent (85%) and the MGP shall be entitled to fifteen percent (15%), with each installment paid on a pari passu basis. The remaining $2,000,000 of the Developer Fee shall be paid to the MGP at Project stabilization, anticipated to be seven months after construction completion.

After any deferred Developer Fee is paid in full, the MGP will receive 100% of Net Cash Flow until it receives $312,500.
The MGP shall receive 50% of Net Sale Proceeds payable to the AGP and MGP from any Capital Event.

For thirty-six months starting at end of 15-year tax credit compliance period, HACLA and the AGP for each Phase will have a Purchase Option to acquire the Project. As Related Companies of California wanted to have a purchase option as well as HACLA, HACLA negotiated the following terms for any subsequent resyndication of the Project (1) any developer fee associated with such resyndication will be shared 60% to Related and 40% to HACLA; and (2) any net cash flow or net capital proceeds payable to the general partners following such resyndication will be shared 70% to HACLA and 30% to Related. If either the AGP or HACLA wishes to exercise the option, it shall send written notice of its intent to the other party no later than three months prior to the expiration of the option term, and the other party shall have sixty (60) days from the date of such notice to elect whether or not to participate in the purchase. If the other party does not wish to participate in the purchase, the party sending the notice may exercise the option and purchase the Development or the Investor’s partnership interests on its own. After expiration of the Purchase Option term, HACLA or the MGP will have a right of first refusal (“ROFR”) for an additional one year. Under the ROFR, HACLA would have the choice to acquire the property if the Developer receives a Bona Fide Offer which the Developer is prepared to accept in accordance with the Limited Partnership Agreement.

While La Cienega, as sole member of the MGP has obligations to the Partnership, it will not provide any development or operational guarantees to any lender or investor. Guarantees are borne solely by the AGP and its affiliates.

**GP Capital Contribution:** Pursuant to the BOC approval under Resolution 9623 to provide additional gap funding, HACLA and the Partnership executed the Amendment to the DDA increasing the gap funding for the Project. In return, the AGP has agreed to increase the Developer Fee by $2,000,000 beyond the $3,500,000 cap imposed by HCD under the AHSC Program, which will be payable to the MGP. Such additional $2,000,000 to the Partnership will be an MGP Capital Contribution (the “MGP Capital Contribution”) in furtherance of the Project. The additional LIHTC equity realized by the higher amount of eligible basis will reduce the Project’s funding gap by approximately $700,000.

The AGP recently presented concerns from its tax counsel regarding the timing of the MGP Capital Contribution. Specifically, the AGP advised, based on the opinion of its tax counsel, that the MGP Capital Contribution must be provided to the Partnership prior to the MGP receiving payment of the final $2,000,000 of Developer Fee. The AGP has requested that La Cienega, via the MGP, make the MGP Capital Contribution no less than six months before the payment of MGP’s final portion of Developer Fee. Per the AGP, such structure may be necessary to avoid a “round-trip” characterization of the MGP Capital Contribution and Developer Fee, and a potential reduction in eligible basis.
Per discussions with Reno & Cavanaugh, PLLC, HACLA’s outside counsel, staff believes the risks for the Developer Fee to be characterized as ineligible is low since the MGP Capital Contribution is made with a portion of Developer Fee payable for documented services, in compliance with HCD and TCAC requirements regarding the use of developer fees over a set threshold. However, staff also concedes that the guarantees for the delivery of tax credits are entirely provided by the AGP and its affiliates and that the payment of the Developer Fee benefits La Cienega and HACLA by reducing the HACLA Gap Loan by $700,000. The potential repayment risk associated with La Cienega, through the MGP, making the MGP Capital Contribution prior to payment of the corresponding Developer fee, is that the Developer Fee could be reduced or deferred. To reduce such risks, staff will recommend making the MGP Capital Contribution at construction completion (anticipated to occur in March 2023) and receiving the Developer Fee payment seven months later at Stabilization (anticipated to occur by October 2023).

*Interest Rate Swap:*

To realize the least expensive debt financing available for the Project, La Cienega must execute various financing documents with the MUFG Union Bank, N.A., (the “Funding Lender”), which include swap documents, confirmations and other documents associated with the financing. In addition, the other general partner, Related/Rose Hill Courts I Development Co., LLC, will also be required to execute the same interest rate swap agreement. HACLA, as the conduit issuer, is not required to execute and will not be a party to the swap documents. The swap instrument is commonly referred to as a forward starting interest rate swap, and it’s used to facilitate the early lock-in of relatively low interest rates in times of a rising interest rate environment.

Interest rate swaps are governed by the International Swaps and Derivatives Association (“ISDA”), which is a trade organization that has created standardized documentation for derivative transactions. The foundational standardized document is the ISDA 2002 Master Agreement (attachment 4.s.). Accompanying the foundational document and serving to call attention to specific components and terms of the interest rate swap applicable to a specific transaction, a Schedule to the 2002 Master Agreement (attachment 4.t.) will also be utilized. La Cienega will be required to sign both documents. Staff has reviewed the swap documents and consulted with HACLA’s municipal advisor, bond counsel and other industry specialist. Staff has concluded that the swap documents discussed here are standard and customary for a transaction of this type.

*Funding:*

The HACLA Chief Administrative Officer and LOMOD Treasurer confirms the following:

LOMOD will make a capital contribution of $2,000,000 during construction after financial closing.

*Source of Funds:*

The funding will be sourced from either unrestricted rent subsidy proceeds or any other unrestricted and available proceeds realized from redevelopment.
**Budget and Program Impact:** The Developer Fee installments include a $2,000,000 payment to the MGP at Stabilization which is anticipated to occur in late 2023. The MGP shall be entitled to $525,000 or fifteen percent (15%) of the $3,500,000 in Developer Fee, with each installment paid on a pari passu basis. The MGP shall also receive $312,500 from Net Cash flow after the deferred Developer fee has been paid in full. As discussed in this report, via the MGP of the Partnership, La Cienega will earn a $5,000 annual fee, subject to 3% annual increases, to manage the partnership operations as the managing general partner.

**Environmental Review:**

*CEQA:* N/A  
*NEPA:* N/A  
*Section 3:* N/A

**Attachments:**

1. Resolution  
2. Organizational Chart  
3. List and description of all Financial Documents executed by LOMOD  
4. LOMOD Financing Documents  
   a. RAD Documents  
   b. Ground Lease Agreement  
   c. Deceleration of Restrictive Covenants (IIG Funds)  
   d. Construction/Permanent Loan Agreement  
   e. Construction/Permanent Loan Deed of Trust  
   f. Construction/Permanent Promissory Notes (3 total)  
   g. Regulatory agreement and Declaration of Restrictive Covenants  
   h. HACLA Acquisition Loan Promissory Note  
   i. HACLA Acquisition Loan Deed of Trust  
   j. HACLA Loan Agreement  
   k. HACLA Gap Loan Promissory Note  
   l. HACLA Gap Loan Deed of Trust  
   m. HACLA IIG Loan Promissory Note  
   n. HACLA IIG Loan Deed of Trust  
   o. Subordination Agreement (to which La Cienega/MGP is a party)  
   p. Amended and Restated Agreement of Limited Partnership  
   q. Purchase Option and Right of First Refusal  
   r. RAD and PBV Addendum to Management Agreement  
   s. ISDA 2002 Master Agreement, Dated as of February 25, 2021  
   t. ISDA Schedule to the 2002 Master Agreement, dated as of February 25, 2021
ATTACHMENT 1

RESOLUTION
RESOLUTION OF LA CIENEGA LOMOD, INC., THE SOLE MEMBER OF LOMOD RHC I, LLC, A SINGLE PURPOSE ENTITY AND MANAGING GENERAL PARTNER OF ROSE HILL COURTS I HOUSING PARTNERS, L.P., AUTHORIZING AND APPROVING THE EXECUTION OF THE ROSE HILL COURTS PHASE I PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS BY THE PRESIDENT, OR HER DESIGNEE, MAKING A $2.0 MILLION CAPITAL CONTRIBUTION DURING CONSTRUCTION, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THERewith

WHEREAS, La Cienega LOMOD, Inc. (“LOMOD”) is an instrumentality of the Housing Authority of the City of Los Angeles (“HACLA”) and a nonprofit public benefit corporation duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Nonprofit Public Benefit Corporation Law, consisting of Part 2 of Division 2 of Title 1 of the California Corporations Code (the "Act");

WHEREAS, the Act authorizes LOMOD to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

WHEREAS, intends to transform the Rose Hill Courts public housing community into a mixed-income, environmentally friendly, vibrant community, conducive to healthy living and economically progressive conditions;

WHEREAS, on January 23, 2020, HACLA’s President and CEO executed a Disposition and Development Agreement ("DDA") with Rose Hill Courts I Housing Partners, L.P., (the "Developer" or the “Partnership”) for the redevelopment of Phase I of Rose Hill Courts (the "Project" or “Phase I”);

WHEREAS, the redevelopment is comprised of two Phases with Phase I containing 89 units in two four-story elevator buildings with flats, that will provide the maximum level of accessibility for the existing tenant population and Phase II containing 96 units that step-down in massing (i.e., perceived scale) and height to provide a residential scale appropriate for the adjacent land uses, and developed as two- and three-story buildings;

WHEREAS, HACLA and the Developer have been working to implement the Project through financial applications, HUD approvals and City entitlements, completion of construction drawings, and submission for various City permits;

WHEREAS, HACLA and the Developer have determined that LOMOD RHC I, LLC, a single purpose entity with LOMOD as its sole member, will serve as the Managing General Partner (“LOMOD/FHC I” or “MGP”) of the Partnership;

WHEREAS, LOMOD/RHC I entered into the First Amended and Restated Limited Partnership Agreement with Related/Rose Hill Courts I Development Co., LLC, a California limited
liability company and affiliate of The Related Companies of California, LLC, which will be the Administrative General Partner of the Partnership;

WHEREAS, the LIHTC equity investor, Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company ("Equity Investor"), will be admitted as the investor limited partner of the Partnership at financial closing and the execution of an Amended and Restated Agreement of Limited Partnership (the “LPA”);

WHEREAS, LOMOD/RHC I, as the managing general partner of the Partnership, will perform those responsibilities required by the State Board of Equalization ("SBOE") to obtain and maintain the Project's property tax welfare exemption and as otherwise provided in the LPA and may delegate certain other Partnership responsibilities to the AGP;

WHEREAS, LOMOD/RHC I shall be entitled to fifteen percent (15%) of first $3.5 million of developer fee paid for the Project, with each installment paid on a pari passu basis with the AGP;

WHEREAS, the MGP shall make a $2.0 million cash capital contribution to the Partnership at construction completion and will receive $2.0 million in developer fee at Project stabilization;

WHEREAS, LOMOD/RHC I is scheduled to receive an annual MGP Partnership Management Fee in the amount of $5,000 (subject to annual increase);

WHEREAS, HACLA or the MGP shall be granted a Right of First Refusal to purchase the Project for one year after expiration of a 36-month purchase option term if the Developer receives a Bona Fide Offer which the Developer is prepared to accept in accordance with the LPA; and

WHEREAS, the Board of Directors of LOMOD must approve the execution of all applicable primary financing and ownership documents, including the LPA adding the Equity Investor, the Master International Swaps and Derivatives Association ("ISDA"), its ISDA Schedule, other swap-related documents, registrations and applications, and the execution of any documents, certificates and agreements related to the Project, with the advice of legal counsel, in order to consummate the intent of this Resolution and the successful financial and construction closing of the Project.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of La Cienega does hereby authorize and approve as follows:

The President, the Secretary or the Treasurer of LOMOD (the "Designated Officers") and each of their respective designees, are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all financing or ownership documents, including but not limited to, the LPA adding the Equity Investor, the Master ISDA and its Schedule, other swap-related documents, registrations and applications, the cash capital contribution to the Partnership of $2.0 million at construction completion, all with such changes
as approved by legal counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions heretofore taken by the officers, employees, attorneys and agents of LOMOD with respect to the Project transactions are hereby approved and ratified, and the Designated Officers of LOMOD and the authorized deputies and employees of LOMOD, and each of them, are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or legal counsel may deem necessary or advisable to consummate the development and financing of the Project and to otherwise to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the LOMOD Board of Directors.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Tina Smith-Booth</td>
<td>President</td>
</tr>
<tr>
<td>Lisette Belon</td>
<td>Secretary</td>
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<tr>
<td>Patricia Kataura</td>
<td>Treasurer</td>
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</tbody>
</table>

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

LA CIENEGA LOMOD, INC.

By: ___________________________
Cielo Castro, Acting Chair

APPROVED AS TO FORM:

BY: ___________________________
General Counsel
James Johnson

DATE ADOPTED: ____________________
CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Directors of the above mentioned La Cienega LOMOD, Inc. Corporation at a meeting of said Board held on the aforementioned date, and that said Resolution is in full force and effect.

Dated: _____April 22_____, 2021

_________________________, Secretary
ROSE HILL COURTS I ORGANIZATIONAL CHART

Housing Authority of the City of Los Angeles
Tax ID: 84-3624406
Ground Lessor (Owner)
Term: 66-years with three 11-year options

Rose Hill Courts I Housing Partners, L.P.
California limited partnership
Tax ID: 84-3624406
Ground Lessee (Tenant)

Related/Rose Hill Courts I Development Co., LLC
California limited liability company
0.005% Administrative General Partner
Tax ID: 84-3586618

LOMOD RHC I, LLC
California limited liability company
0.005% Managing General Partner
Tax ID: 84-2220494

Raymond James Housing Opportunities Fund X L.L.C.
99.99% Limited Partner
Tax ID: TBD

The Related Companies of California, LLC
California limited liability company
90% Member
Tax ID: 33-0851672

Related Futures, LLC
California limited liability company
10% Member
Tax ID: 84-3548556

La Cienega LOMOD, Inc.
California nonprofit public benefit corporation
Sole Member
Tax ID: 95-3024201
ATTACHMENT 3

LIST AND DESCRIPTION OF ALL FINANCING DOCUMENTS EXECUTED BY LOMOD
### LA CIENEGA LOMOD, INC. (LOMOD)
#### BOARD MEETING DOCUMENTS
#### PROJECT: ROSE HILL COURTS PHASE I
(Updated as of 04/16/2021)

**Parties Key:**
- HACLA = Housing Authority of the City of Los Angeles (AuthorityPHA)
- Partnership = Rose Hill Courts I Housing Partners, L.P.
- Related = Related Rose Hill Courts I Development Co., LLC (Administrative General Partner)
- LOMOD = LOMOD RHC I, LLC (Managing General Partner) and La Cienega LOMOD, Inc. (Sole Member of Managing General Partner)
- Union Bank = MUFG Union Bank, N.A. (Construction/Permanent Lender)
- HCD = Department of Housing and Community Development (Permanent Lender)
- Raymond = Raymond James Tax Credit Funds (Investor)
- US Bank = U.S. Bank National Association (Fiscal Agent)

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<thead>
<tr>
<th>TAB DOCUMENT / ITEM SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td><strong>I. RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM DOCUMENTS</strong></td>
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<tr>
<td>1. RAD Use Agreement</td>
<td>HUD; Partnership; LOMOD; HACLA</td>
<td>YES</td>
</tr>
<tr>
<td>2. RAD PBV HAP Contract</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO</td>
</tr>
<tr>
<td><strong>II. SITE CONTROL DOCUMENTS</strong></td>
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<tr>
<td>3. Ground Lease (with Memorandum of Ground Lease)</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO/YES</td>
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<tr>
<td>4. Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing (HCD Covenant)</td>
<td>HACLA; Partnership; LOMOD</td>
<td>YES</td>
</tr>
<tr>
<td>5. Subordination Agreement (HCD Covenant)</td>
<td>Partnership; LOMOD; Union Bank; HCD</td>
<td>YES</td>
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<tr>
<td><strong>III. FINANCING DOCUMENTS</strong></td>
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<td>6. Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program)</td>
<td>Partnership; LOMOD; Union Bank; HACLA</td>
<td>NO</td>
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<tr>
<td>7. Promissory Note A-1 (Tax Exempt - Construction) - $15,158,632</td>
<td>Partnership; LOMOD; HACLA</td>
<td>NO</td>
</tr>
<tr>
<td>8. Promissory Note A-2 (Taxable - Construction) (Multifamily Housing Back to Back Loan Program) - $6,454,481</td>
<td>Partnership; LOMOD; HACLA</td>
<td>NO</td>
</tr>
<tr>
<td>9. Promissory Note A-3 (Tax Exempt - Permanent) (Multifamily Housing Back to Back Loan Program) - $16,685,000</td>
<td>Partnership; LOMOD; HACLA</td>
<td>NO</td>
</tr>
<tr>
<td>10. Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Debt of Trust) (Multifamily Housing Back to Back Loan Program)</td>
<td>Partnership; LOMOD; HACLA</td>
<td>YES</td>
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<tr>
<td><strong>INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC. DOCUMENTS (ISDA)</strong></td>
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<tr>
<td>11. ISDA 2002 Master Agreement</td>
<td>Union Bank; Partnership; LOMOD</td>
<td>NO</td>
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<tr>
<td>12. Schedule to ISDA 2002 Master Agreement</td>
<td>Union Bank; Partnership; LOMOD</td>
<td>NO</td>
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<tr>
<td><strong>HACLA ACQUISITION LOAN DOCUMENTS (GROUND LEASE LOAN)</strong></td>
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<tr>
<td>13. Authority Acquisition Note ($7,100,000)</td>
<td>Partnership; LOMOD</td>
<td>NO</td>
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<tr>
<td>14. Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority Acquisition Loan)</td>
<td>Partnership; LOMOD</td>
<td>YES</td>
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<tr>
<td><strong>HACLA LOAN DOCUMENTS (BRIDGE AND IIG LOANS)</strong></td>
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<td><strong>15</strong> Authority Loan Agreement</td>
<td>HACLA; Partnership; LOMOD</td>
<td>NO</td>
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<tr>
<td>Agreement regarding the HACLA’s provision of terms, responsibilities, and requirements related to the Gap and IIG Loan funds. Includes the following indemnification provisions: (a) Partnership indemnifies HACLA from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the Partnership’s or any other party other than HACLA’s failure to comply with the hazardous materials provisions in the agreement; (b) Partnership indemnifies HACLA 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 Partnership which constitutes a breach of the Partnership’s obligations under the agreement; (c) Partnership will defend at its own expense any suit against HACLA brought by any third-party performing work for the Partnership on the Project and will pay or satisfy any related judgment, claim, and related costs and expenses. Requires the Partnership comply with the requirements to the IG Grant Agreement.</td>
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<td><strong>16</strong> Authority Gap Promissory Note ($8,350,000)</td>
<td>Partnership; LOMOD</td>
<td>NO</td>
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<tr>
<td>Promissory Note evidencing the Authority Gap Loan of approximately $8,350,000 from HACLA to the Partnership.</td>
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<tr>
<td><strong>17</strong> Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority Gap Loan)</td>
<td>HACLA; Partnership; LOMOD</td>
<td>YES</td>
</tr>
<tr>
<td>Leasehold Deed of Trust securing the Authority Gap Loan. Includes the following indemnification provision: Partnership indemnifies HACLA against any loss, damage, cost, expense, or liability directly or indirectly attributable to Hazardous Materials on the Project property.</td>
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<tr>
<td><strong>18</strong> Authority IIG Promissory Note ($3,519,000)</td>
<td>Partnership; LOMOD</td>
<td>NO</td>
</tr>
<tr>
<td>Promissory Note evidencing the Authority IIG Loan of approximately $3,519,000 from HACLA to the Partnership.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>19</strong> Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority IIG Loan)</td>
<td>HACLA; Partnership; LOMOD</td>
<td>YES</td>
</tr>
<tr>
<td>Leasehold Deed of Trust securing the Authority IIG Loan. Includes the following indemnification provision: Partnership indemnifies HACLA against any loss, damage, cost, expense, or liability directly or indirectly attributable to Hazardous Materials on the Project property.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>20</strong> Subordination and Intercreditor Agreement (HACLA Loans)</td>
<td>HACLA; Partnership; LOMOD; Union Bank</td>
<td>YES</td>
</tr>
<tr>
<td>Agreement subordinating the Authority Acquisition, Bridge and IIG Loans to the First Mortgage Loan funded with proceeds from the sale of tax-exempt and taxable bonds.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>21</strong> Regulatory Agreement and Declaration of Restrictive Covenants</td>
<td>HACLA; US Bank; Partnership; LOMOD</td>
<td>YES</td>
</tr>
<tr>
<td>Sets forth regulations and restrictions specifically relating to residential rental properties, low income tenants, tax exempt status of bonds, city requirements, and sale of the project.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>BOND DOCUMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>22</strong> Amended and Restated Partnership Agreement</td>
</tr>
<tr>
<td>A limited partnership agreement between Related/Rose Hill Courts Development Co., LLC, LOMOD RHC I, LLC, and Raymond James California Housing Opportunities Fund X L.L.C, agreeing to continue the partnership under the name Rose Hill Courts I Housing Partners, L.P., and assigns the rights and obligations relating to the Project to each partner.</td>
</tr>
<tr>
<td><strong>23</strong> Purchase Option Agreement</td>
</tr>
<tr>
<td>Agreement providing HACLA and Related/Rose Hill Courts Development Co., LLC a option to purchase the Property or all partnership interests in the Partnership.</td>
</tr>
<tr>
<td><strong>24</strong> Right of First Refusal Agreement</td>
</tr>
<tr>
<td>Agreement providing HACLA and LOMOD RHC I, LLC a right of first refusal to purchase all right, title, and interest held by the Partnership in the Project.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>V. MANAGEMENT DOCUMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>25</strong> RAD and PBV Addendum to Management Agreement</td>
</tr>
<tr>
<td>Obligates the owner and management agent to comply with RAD and PBV Requirements for the property covered by the management agreement.</td>
</tr>
<tr>
<td><strong>26</strong> Property Management Agreement</td>
</tr>
<tr>
<td>Agreement between Rose Hill Courts I Housing Partners, L.P. and Related Management Company, L.P. for property management services for the Project, conferring the sole right to lease and manage, and describes the bank accounts to be created for that purpose, as well as requiring a fidelity bond.</td>
</tr>
<tr>
<td><strong>27</strong> Management Plan</td>
</tr>
<tr>
<td>Describes the policies that will be used in the management of the property.</td>
</tr>
</tbody>
</table>
ATTACHMENT 4

LOMOD FINANCING DOCUMENTS
RENTAL ASSISTANCE DEMONSTRATION USE AGREEMENT

by and between

United States of America, Secretary of Housing and Urban Development, HUD

Housing Authority of the City of Los Angeles, PHA

and

Rose Hill Courts I Housing Partners, L.P., Project Owner

Dated as of ________, 2021

NOTE: This cover page is for recording purposes only and does not modify or amend the terms of the attached instrument.
This Rental Assistance Demonstration Use Agreement (hereinafter called the “Agreement”) is made as of __________, 2021, for the benefit of and agreed to by the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates (hereinafter called “HUD”) by Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Project Owner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“PHA”).

Whereas, Rental Assistance Demonstration (hereinafter called “RAD”) provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through access to private debt and equity to address immediate and long-term capital needs.

Whereas, the PHA is the fee owner of the real property described on Exhibit A (the “Property”), upon which is or will be located improvements owned or to be owned by Project Owner receiving assistance converted pursuant to RAD, which project will commonly be known as Rose Hill Courts Phase I (the “Project”). The Project will contain eighty-nine (89) dwelling units, of which eleven (11) (“Assisted Units”) are subject to a RAD Housing Assistance Payment Contract, as the same may be renewed, amended or replaced from time to time (“RAD HAP Contract”).

Whereas, pursuant to the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011, as amended from time to time, the “RAD Statute”); and the corresponding PIH Notice 2012-32, rev-2, as amended from time to time, and any successor document and/or regulations (hereinafter called the “RAD Notice”), which this Agreement incorporates by this reference, the PHA and/or the Project Owner, as applicable, has agreed to encumber the Property and the Project Owner has agreed to operate the Project in accordance with this Agreement in exchange for HUD’s agreement to execute or permit the execution of the RAD HAP Contract and the assistance provided thereby;
Whereas, in accordance with the RAD Statute and RAD Notice, except as otherwise agreed in writing by HUD, this Agreement is to be recorded superior to other liens on the Property, run until the conclusion of the initial term of the RAD HAP Contract, automatically renew upon each extension or renewal of the RAD HAP Contract for a term that runs with each renewal term of the RAD HAP Contract, and remain in effect even in the case of abatement or termination of the RAD HAP Contract for the term the RAD HAP Contract would have run, absent the abatement or termination.

Now Therefore, in consideration of the foregoing, conversion of assistance pursuant to RAD, provision of rental assistance pursuant to the RAD HAP Contract and other valuable consideration, the parties hereby agree as follows:

1. Definitions. All terms used in this Agreement and not otherwise defined have the same meaning as set forth in the RAD Notice.

2. Term. The initial term of this Agreement commences upon the date this Agreement is entered into and shall run until the conclusion of the initial term of the RAD HAP Contract. The RAD HAP Contract is effective for twenty (20) years. Unless otherwise approved by HUD, this Agreement shall remain in effect through the initial term of the RAD HAP Contract and for additional periods to coincide with any renewal term of the RAD HAP Contract or any replacement RAD HAP Contract. It is the intention of the parties that the RAD HAP Contract and this Agreement shall each renew upon the completion of its initial term. Therefore, this Agreement shall remain in effect until a release is recorded as contemplated by Section 8. Such release shall be the evidence of the non-renewal of the RAD HAP Contract, of the determination not to execute a replacement RAD HAP Contract and of the termination of this Agreement. This Agreement will survive abatement of assistance or termination of the RAD HAP Contract unless otherwise approved by HUD.

3. Use Restriction and Tenant Incomes. The Assisted Units shall be leased in accordance with the RAD HAP Contract, including any applicable eligibility and/or income-targeting requirements. In the case that the RAD HAP Contract is terminated prior to the completion of the term or renewal term, if applicable, of this Agreement (by way of illustration and not limitation, for breach or non-compliance), for the remainder of the term of this Agreement new tenants leasing the Assisted Units (except if any of the Assisted Units is a HUD-approved manager unit) must have incomes at or below 80 percent of the Area Median Income (AMI) at the time of admission (“Eligible Tenants”). Additionally, rents for such Assisted Units must not exceed 30% of 80% of the AMI for households of the size occupying an appropriately sized unit. Notwithstanding the foregoing, in the event the Project Owner so requests and is able to demonstrate to HUD’s satisfaction that despite the Project Owner’s good faith and diligent efforts to do so, the Project Owner is unable either (1) to rent a sufficient percentage of Assisted Units to Eligible Tenants in order to satisfy the restrictions in this paragraph, or (2) to otherwise provide for the financial viability of the Project, HUD may, in its sole discretion, agree to reduce the percentage of units subject to the restriction under this paragraph or otherwise modify this restriction in a manner acceptable to the Project Owner and HUD. Any such modification of the restrictions listed in this paragraph shall be evidenced by a written amendment to this Agreement executed by each of the parties hereto.
4. Survival. This Agreement will survive foreclosure and bankruptcy.

5. Fair Housing and Civil Rights Requirements. The Project Owner and its agents, where applicable, shall ensure that the Project complies with applicable federal fair housing and civil rights laws, regulations, and other legal authorities, including those identified at 24 C.F.R. § 5.105.

6. Accessibility Requirements. The Project Owner and its agents, where applicable, shall ensure that the Project complies with all applicable federal accessibility requirements under the Fair Housing Act and implementing regulations at 24 CFR Part 100, Section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR Part 8, and Titles II and III of the Americans with Disabilities Act and implementing regulations at 28 CFR Parts 35 and 36, respectively.

7. Restrictions on Transfer. HUD has been granted and is possessed of an interest in the above described Project. Except as authorized below, the Project Owner and, if a party hereto, the PHA, shall not transfer, convey, encumber or permit or suffer any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said Project and/or Property or any part thereof without prior written consent of HUD. Notwithstanding the foregoing, HUD hereby authorizes (a) leases in the normal operation of the Project, (b) subordinate liens contemplated by a RAD Conversion Commitment executed in connection with the Project, whether such liens are recorded concurrent with the recordation of this Use Agreement or recorded subsequent hereto (such as permanent financing to replace construction-period financing), and (c) conveyance or dedication of land for use as streets, alleys, or other public rights-of-way and grants and easements for the establishment, operation and maintenance of public utilities. Except as otherwise approved in writing by HUD, any lien on the Project and/or Property shall be subject and subordinate to this Agreement. Unless this Agreement is released by HUD, any transferee of the Project and/or Property shall take title subject to this Agreement. In the event of a default under the RAD HAP Contract including, without limitation, upon any transfer of the Property or Project without HUD consent, upon expiration of any applicable notice and/or cure periods, HUD may transfer the RAD HAP Contract and the rental assistance contemplated therein to another entity and/or Property and/or Project. The Project Owner has constituted HUD as its attorney-in-fact to effect any such transfer.

8. Amendment or Release. This Agreement may not be amended without HUD consent. This Agreement shall remain as an encumbrance against the Property unless and until HUD executes a release for recording. This Agreement may only be released by HUD in its sole discretion. In the event that the RAD HAP is, in accordance with all applicable laws and RAD program requirements, not renewed or replaced, HUD shall not unreasonably fail to provide such a release upon the completion of the applicable term of this Agreement.

9. Enforcement. In the event of a breach or threatened breach of any of the provisions of this Agreement, any eligible tenant or applicant for occupancy within the Project, or the Secretary or his or her successors or delegates, may institute proper legal action to enforce performance of such provisions, to enjoin any acts in violation of such provisions, to recover whatever damages can be proven, and/or to obtain whatever other relief may be appropriate.
10. **Severability.** The invalidity, in whole or in part, of any of the provisions set forth in this Agreement shall not affect or invalidate any remaining provisions.

11. **Conflicts.** Any conflicts between this Agreement and the RAD HAP Contract or any other applicable HUD program requirements shall be conclusively resolved by the Secretary.

12. **Execution of Other Agreements.** The Project Owner and, if a party hereto, the PHA, agrees that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions of this Agreement, and that in any event, the provisions of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other conflicting requirements.

13. **Subsequent Statutory Amendments.** If revisions to the provisions of this Agreement are necessitated by subsequent statutory amendments, the Project Owner and, if a party hereto, the PHA, agrees to execute modifications to this Agreement that are needed to conform to the statutory amendments. At HUD’s option, HUD may implement any such statutory amendment through rulemaking.

14. **Lender Provisions.**

   A. Nothing in this Agreement prohibits any holder of a mortgage or other lien against the Property or Project from foreclosing its lien or accepting a deed in lieu of foreclosure. Any lien holder shall give HUD, as a courtesy, written notice prior to declaring an event of default. Any lien holder shall provide HUD concurrent notice with any written filing of foreclosure filed in accordance with state law provided that the foreclosure sale shall not occur sooner than sixty days (60) days after such notice to HUD. The Notice to HUD may be personally delivered or sent by U.S. certified or registered mail, return receipt requested, first class postage prepaid, addressed as follows:

   If for PBRA transactions:
   U.S. Department of Housing and Urban Development
   451 7th Street SW, Room 9100
   Washington, DC 20410
   Attention: Office of the Assistant Secretary for Housing - Rental Assistance Demonstration

   If for PBV transactions:
   U.S. Department of Housing and Urban Development
   451 7th Street SW, Room 4100
   Washington, DC 20410
   Attention: Office of the Assistant Secretary for Public and Indian Housing - Rental Assistance Demonstration

   B. Notwithstanding any lien holder’s foreclosure rights, this Agreement survives foreclosure and any new owners of the Property or the Project take ownership subject to this Agreement.

   C. Transfer of title to the Property or the Project may be grounds for termination of assistance under the RAD HAP Contract. However, HUD may permit, through prior written
consent by HUD, the new owner of the Property or the Project to assume the RAD HAP Contract, subject to the terms included therein, or enter into a new RAD HAP Contract. Any HUD consent to continued HAP assistance is subject to the RAD Statute and other RAD program requirements.

D. Each entity interested in purchasing the Property in a foreclosure sale administered under state foreclosure law may submit a written request to HUD to continue RAD HAP Contract assistance in the event of such entity’s successful acquisition at the foreclosure sale. Such request shall be submitted by the latter of ten business days after first publication of the foreclosure sale or 60 days prior to such foreclosure sale.

15. Successors and Assigns. This Agreement shall be binding upon the Project Owner and, if a party hereto, the PHA, and all future successors and assigns of either with respect to any portion of the Property or the Project.

[signature page(s) to follow]
In Witness Whereof, these declarations are made as of the first date written above.

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By: ________________________________

Thomas R. Davis
Director, Office of Recapitalization

Date: ________________________________

District of Columbia

Before me, ____________________________, a Notary Public in and for the District of
Columbia on this _____ day of ________________ , 2021, personally appeared Thomas R.
Davis, who is personally known to me to be the person who executed the foregoing instrument
by virtue of the authority vested in him by the United States Department of Housing and Urban
Development, and did acknowledge the signing thereof to be a free and voluntary act and done
on behalf of the Secretary of Housing and Urban Development for the uses, purposes and
considerations therein set forth.

Witness my hand and official seal this ____ day of _________________, 2021.
(Seal)

__________________________________________ (Notary Public)

My commission expires _____________________, 20 ______.
PROJECT OWNER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
   Frank Cardone
   President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
public benefit corporation,
its sole member

By: _______________________________
   Tina Smith-Booth
   President

[NOTARY BLOCKS 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 _______________________________
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 _________________________________
PHA:

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

By: ___________________________________
Douglas Guthrie
President and Chief Executive Officer

[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 – Property Subject to this RAD Use Agreement

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  

Rental Assistance Demonstration (RAD)  
for the Conversion of Public Housing to the  
Section 8 Project-Based Voucher (PBV) Program

PART 1 OF HAP CONTRACT

1. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) Contract is entered into between:

Housing Authority of the City of Los Angeles  
______________________________ (Contract Administrator) (CA) 2 and

Rose Hill Courts I Housing Partners, L.P.  
______________________________ (owner).

b. Contents of contract

The HAP Contract consists of Part 1, Part 2, and the Contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP Contract includes the following exhibits:

EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.) If applicable as the result of Tenant-Paid Utility Savings in accordance with the provision of the RAD Notice governing such savings for Project Based Voucher Conversions (i.e., Attachment 1C of the RAD Notice), or

---

1 This form merges HUD 52530A and HUD 52621
2 In Public Housing to PBV conversions, the Contract Administrator will be the Public Housing Agency that executes the HAP Contract with the Owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.
successor provision, Exhibit A to this HAP Contract shall contain both the initial and revised rent to owner for each contract unit.

EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITIES SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

EXHIBIT E: ADDENDUM TO THE HAP CONTRACT – LABOR STANDARDS

ADDITIONAL EXHIBITS

d. Term of the HAP Contract

1. Beginning of Term

   The Contract begins on June 1, 2021.

2. Length of initial term

   a. Subject to paragraph 2.b, the initial term of the HAP Contract for any contract unit is __20 years__.

   b. The initial term of the HAP Contract for any unit may not be less than 15 years, and may be for a term of up to 20 years upon the request of the Owner and with the approval of the CA.

3. Contract Administrator’s Obligation to Offer to Renew and Owner Obligation to Accept Offers to Renew

   The CA and the Owner acknowledge and agree upon expiration of the initial term of the HAP Contract, and upon each renewal term of the HAP Contract, the CA shall offer to renew the HAP Contract and the Owner shall accept each offer to renew the HAP Contract, subject to the terms and conditions applicable at the time of each offer, and further subject to the availability of appropriations for each year of each such renewal.
4. **Funding of PBV HAP Contract**

   a. **Funding for the Year of Conversion.** In the Year of Conversion, the HAP Contract shall be funded only from public housing amounts obligated prior to the effective date of the HAP Contract, and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriated funding, for the remainder of the calendar year in which the HAP Contract becomes effective. Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.3

   b. **Funding for remainder of the initial term and any renewal term.** Starting in the First Full Year and in each subsequent year in which the HAP Contract is effective, for the remainder of the initial term and any renewal term, subject to the availability of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the CA’s Consolidated Annual Contributions Contract with HUD, the CA will make full payments of housing assistance payments due to an Owner for any contract year in accordance with the HAP Contract. The availability of sufficient funding must be determined by HUD or the CA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP Contract, the CA has the right to terminate the HAP Contract by notice to the Owner for all or any of the Contract units. Such action by the CA shall be implemented in accordance with HUD requirements.

   e. **Occupancy and payment**

      1. **Payment for occupied unit**

         During the term of the HAP Contract, the CA shall make housing assistance payments to the Owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a Contract unit, the Owner may keep the housing assistance payment for the calendar month when the family moves out (“move-out month”). However, the Owner may not keep the payment if the CA determines that the vacancy is the Owner’s fault.

      2. **Vacancy payment**

         THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.

---

3 Note that new definitions of First Full Year, HUD requirements and Year of Conversion are added to Section 2 of Part 2 of the HAP Contract.
a. If an assisted family moves out of a Contract unit, the CA may provide vacancy payments to the Owner for a CA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.

b. The vacancy payment to the Owner for each month of the maximum two-month period will be determined by the CA, and cannot exceed the monthly rent to Owner under the assisted lease, minus any portion of the rental payment received by the Owner (including amounts available from the tenant’s security deposit). Any vacancy payment may only cover the period the unit remains vacant.

c. The CA may only make vacancy payments to the Owner if:

1. The Owner gives the CA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the Owner’s knowledge and belief);
2. The Owner certifies that the vacancy is not the fault of the Owner and that the unit was vacant during the period for which payment is claimed;
3. The Owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
4. The Owner provides any additional information required and requested by the CA to verify that the Owner is entitled to the vacancy payment.

d. The CA must take every reasonable action to minimize the likelihood and length of vacancy.

e. The Owner may refer families to the CA, and recommend selection of such families from the CA waiting list for occupancy of vacant units.

f. The Owner must submit a request for vacancy payments in the form and manner required by the CA and must provide any information or substantiation required by the CA to determine the amount of any vacancy payments.

3. **PHA is not responsible for family damage or debt to Owner**

Except as provided in this paragraph e (Occupancy and Payment), the CA will not make any other payment to the Owner under the HAP Contract. The CA will not make any payment to Owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

f. **Non-Applicability of Income Mixing Requirement.**
There is no cap on the number of units that may receive PBV assistance in a project.
EXECUTION OF HAP CONTRACT

CONTRACT ADMINISTRATOR:

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

By: ___________________________________
Douglas Guthrie
President and Chief Executive Officer

OWNER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: ___________________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc, a California nonprofit
public benefit corporation,
its sole member

By: ___________________________________
Tina Smith-Booth
President
U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  

Rental Assistance Demonstration (RAD)  
for the Conversion of Public Housing to the  
Section 8 Project-Based Voucher (PBV) Program  

PART 2 OF HAP CONTRACT  

2. DEFINITIONS  

Contract Administrator (CA). The Public Housing Agency that executes the HAP Contract with the Owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.  

Contract units. The housing units covered by this HAP Contract. The contract units are described in Exhibit A.  

Family. The persons approved by the CA to reside in a contract unit with assistance under the program.  

First Full Year. The first full calendar year of the HAP Contract beginning the year after the calendar year of the effective date. To clarify, in cases in which a project converts in December and the effective date of the HAP Contract is January 1, the Year of Conversion is the calendar year starting on the effective date and the First Full Year begins the year following.  

HAP Contract. This housing assistance payments contract between the CA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP Contract).  

Housing assistance payment. The monthly assistance payment by the CA for a contract unit, which includes: (1) a payment to the Owner for rent to the Owner under the family’s lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.  

Household. The family and any CA-approved live-in aide.  

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.
HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives. HUD requirements include Notice PIH 2012-32 (HA), “Rental Assistance Demonstration—Final Implementation, Revision 2,” as revised or amended from time to time (or any successor document) (RAD Notice). Any references in this HAP Contract to specific sections of the RAD Notice include any successor provisions whether explicitly stated or not.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP Contract, or in any proceeds or benefits arising from the HAP Contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. A public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Rent to Owner. The total monthly rent payable to the Owner under the lease for a contract unit. Rent to Owner includes payment for any housing services, maintenance and utilities to be provided by the Owner in accordance with the lease. Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to Owner payable by the family, as determined by the CA in accordance with HUD requirements. The CA is not responsible for paying any part of the tenant rent.

Year of Conversion. The time from the effective date of the HAP Contract through the end of that calendar year.

3. PURPOSE

a. This is a HAP Contract between the CA and the Owner.

b. The purpose of the HAP Contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the Owner.
c. The CA must make housing assistance payments to the Owner in accordance with the HAP Contract for contract units leased and occupied by eligible families during the HAP Contract term. HUD provides funds to the CA to make housing assistance payments to Owners for eligible families.

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to Owner

The initial rent to Owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP Contract. At the beginning of the HAP contract term, and until rent to Owner is adjusted in accordance with section 5 of the HAP Contract, the rent to Owner for each bedroom size (number of bedrooms) shall be the initial rent to Owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP Contract, the rent to Owner may in no event exceed the amount authorized in accordance with HUD requirements. The CA has the right to reduce the rent to Owner, at any time, to correct any errors in establishing or adjusting the rent to Owner in accordance with HUD requirements. The CA may recover any overpayment from the Owner.

c. CA payment to Owner

1. Each month the CA must make a housing assistance payment to the Owner for a unit under lease to and occupied by an eligible family in accordance with the HAP Contract.

2. The monthly housing assistance payment to the Owner for a contract unit is equal to the amount by which the rent to Owner exceeds the tenant rent.

3. Payment of the tenant rent is the responsibility of the family. The CA is not responsible for paying any part of the tenant rent, or for paying any other claim by the Owner against a family. The CA is only responsible for making housing assistance payments to the Owner on behalf of a family in accordance with the HAP Contract.

4. The Owner will be paid the housing assistance payment under the HAP Contract on or about the first day of the month for which payment is due, unless the Owner and the CA agree on a later date.

5. To receive housing assistance payments in accordance with the HAP contract, the Owner must comply with all the provisions of the HAP contract. Unless the Owner complies with all the provisions of the HAP contract.
Contract, the Owner does not have a right to receive housing assistance payments.

6. If the CA determines that the Owner is not entitled to the payment or any part of it, the CA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the Owner, including amounts due under any other housing assistance payments contract.

7. The Owner will notify the CA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

8. Notwithstanding anything else in this HAP Contract, in the Year of Conversion, any housing assistance payments shall equal amounts funded in accordance with Part 1, Section 1.d.4.a (Funding for the Year of Conversion) of this HAP Contract.

d. Termination of assistance for family

The CA may terminate housing assistance for a family under the HAP Contract in accordance with HUD requirements. The CA must notify the Owner in writing of its decision to terminate housing assistance for the family in such case.

5. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. Subject to section 5.b. of the HAP Contract, at each anniversary date during the term of the HAP Contract, the CA will adjust the rent to Owner by applying HUD’s operating cost adjustment factor (OCAF), subject to the availability of appropriations for each year of the HAP Contract term.

2. The adjustment of rent to Owner shall always be determined in accordance with all HUD requirements. The amount of the rent to Owner may be adjusted up or down, in the amount defined by the CA in accordance with HUD requirements.

b. Reasonable rent

The rent to Owner for each contract unit may at no time exceed the reasonable rent charged for comparable units in the private unassisted market, as determined by the CA in accordance with 24 C.F.R. § 983.303. However, the rent to Owner shall not be reduced below the initial rent to Owner for dwelling units under the HAP Contract except in the following cases: (1) to correct errors in calculations in accordance with HUD requirements; (2) if additional housing assistance has been combined with PBV assistance after the execution of the HAP Contract and a rent
decrease is required pursuant to 24 C.F.R. § 983.55; or (3) if a decrease in rent to Owner is required based on changes in the allocation of responsibility for utilities between the Owner and the tenant.

c. **No special adjustments**

The CA will not make any special adjustments of the rent to Owner.

d. **Owner compliance with HAP contract**

The CA shall not approve, and the Owner shall not receive, any increase of rent to Owner unless all contract units are in accordance with the HQS, and the Owner has complied with the terms of the assisted leases and the HAP Contract.

e. **Notice of rent adjustment**

Rent to Owner shall be adjusted by written notice by the CA to the Owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

6. **OWNER RESPONSIBILITY**

The Owner is responsible for:

a. Performing all management and rental functions for the contract units.

b. Maintaining the units in accordance with HQS.

c. Complying with equal opportunity requirements.

d. Enforcing tenant obligations under the lease.

e. Paying for utilities and housing services (unless paid by the family under the lease).

f. Collecting from the tenant:

1. Any security deposit;

2. The tenant rent; and

3. Any charge for unit damage by the family.

7. **OWNER CERTIFICATION**

The owner certifies that during the term of the HAP Contract:

a. All contract units meet HQS, or successor standard, or will meet HQS no later than the date of completion of the “Work” (including any environmental mitigation
measures) as indicated in the RAD Conversion Commitment (RCC) which will be no later than [08/01/2023].

b. The Owner is providing all the services, maintenance and utilities as agreed to under the HAP Contract and the leases with assisted families.

c. Each contract unit for which the Owner is receiving housing assistance payments is leased to an eligible family referred by the CA, and the lease is in accordance with the HAP Contract and HUD requirements.

d. To the best of the Owner’s knowledge, the members of the family reside in each contract unit for which the Owner is receiving housing assistance payments, and the unit is the family’s only residence.

e. The Owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.

f. The amount of the housing assistance payment is the correct amount due under the HAP Contract.

g. The rent to Owner for each contract unit does not exceed rents charged by the Owner for other comparable unassisted units.

h. Except for the housing assistance payment and the tenant rent as provided under the HAP Contract, the Owner has not received and will not receive any payments or other consideration (from the family, the CA, HUD, or any other public or private source) for rental of the contract unit.

i. The family does not own, or have any interest in the contract unit. If the Owner is a cooperative, the family may be a member of the cooperative.

8. CONDITION OF UNITS

a. Owner maintenance and operation

The Owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The Owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

1. The CA must inspect each Contract unit after rehabilitation is completed in accordance with the RCC.
2. Before providing assistance to a new family in a contract unit, the CA must inspect the unit. The CA may not provide assistance on behalf of the family until the unit fully complies with the HQS.

3. At least annually during the term of the HAP Contract, the CA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.

4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the CA must reinspect 100 percent of the contract units in the building.

5. The CA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the Owner is providing maintenance, utilities, and other services in accordance with the HAP Contract. The CA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the CA determines a contract unit is not in accordance with the HQS, the CA may exercise any of its remedies under the HAP Contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP Contract.

2. The CA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.

3. The CA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the Owner corrects the defect within the period specified by the CA and the CA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any CA-approved extension).

d. Maintenance and replacement—owner’s standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the Owner.

9. LEASING CONTRACT UNITS
a. Selection of tenants

1. During the term of the HAP Contract, the Owner must lease all Contract units to eligible families selected and referred by the CA from the CA’s waiting list. The waiting list shall be established and maintained in accordance with HUD requirements, including the special PBV waiting list provisions in the RAD Notice (including Section 1.6.D.4 or successor provision).

2. The Owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant’s ability to perform the lease obligations.

3. Consistent with HUD requirements, the Owner may apply its own admission procedures in determining whether to admit a family referred by the CA for occupancy of a contract unit. The Owner may refer families to the CA, and recommend selection of such families from the CA waiting list for occupancy of vacant units.

4. The Owner must promptly notify in writing any rejected applicant of the grounds for rejection.

5. The CA must determine family eligibility in accordance with HUD requirements.

4. The contract unit leased to each family must be appropriate for the size of the family under the CA’s subsidy standards.

5. If a contract unit was occupied by an eligible family at the time the unit was selected by the CA, or is so occupied on the effective date of the HAP Contract, the Owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP Contract.

6. The Owner is responsible for screening and selecting tenants from the families referred by the CA from its waiting list.

b. Vacancies

1. The Owner must promptly notify the CA of any vacancy in a contract unit. After receiving the Owner notice, the CA shall make every reasonable effort to refer a sufficient number of families for Owner to fill the vacancy.

2. The Owner must rent vacant contract units to eligible families on the CA waiting list referred by the CA.
3. The CA and the Owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.

4. If any contract units have been vacant for a period of 120 or more days since Owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the CA to fill such vacancies), the CA may give notice to the Owner amending the HAP Contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

10. TENANCY

a. Lease

The lease between the Owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The Owner may only terminate a tenancy in accordance with the lease and HUD requirements.

2. The Owner must give the CA a copy of any Owner eviction notice to the tenant at the same time that the Owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

3. The Owner shall provide adequate written notice of termination of the lease, which shall be (A) a reasonable period of time, but not to exceed 30 days if the health or safety of other tenants, Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or in the event of any drug-related or violent criminal activity or any felony conviction; (B) Not less than 14 days in the case of nonpayment of rent; and (C) Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

4. The Owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease.

c. Family payment

1. The portion of the monthly rent to Owner payable by the family (“tenant rent”) will be determined by the CA in accordance with HUD
requirements. The amount of the tenant rent is subject to change during the term of the HAP Contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the CA to the family and the Owner.

2. The amount of the tenant rent as determined by the CA is the maximum amount the Owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the Owner in accordance with the HAP Contract and the lease.

3. The Owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the CA. The Owner must immediately return any excess rent payment to the tenant.

4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP Contract. The Owner may not terminate the tenancy of an assisted family for nonpayment of the CA housing assistance payment.

5. The CA is only responsible for making the housing assistance payments to the Owner on behalf of the family in accordance with the HAP Contract. The CA is not responsible for paying the tenant rent, or any other claim by the Owner.

d. Other Owner charges

1. Except as provided in paragraph 2, the Owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.

2. In assisted living developments receiving project-based voucher assistance, Owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to Owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the Owner in an assisted living development.

3. The Owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The Owner may collect a security deposit from the family.
2. The Owner must comply with HUD and CA requirements, which may change from time to time, regarding security deposits from a tenant.

3. The CA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the Owner to unassisted families.

4. When the family moves out of the contract unit, the Owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The Owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the Owner, the Owner must promptly refund the full amount of the balance to the family.

5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the Owner may seek to collect the balance from the family. However, the CA has no liability or responsibility for payment of any amount owed by the family to the Owner.

11. FAMILY RIGHT TO MOVE
   a. The family may terminate its lease at any time after the first year of occupancy. The family must give the Owner advance written notice of intent to vacate (with a copy to the CA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the CA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.

   b. Before providing notice to terminate the lease under paragraph a, the family must first contact the CA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the CA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The CA subsidy standards determine the appropriate unit size for the family size and composition. The CA and Owner must comply with the requirements in 24 CFR 983.259.

13. PROHIBITION OF DISCRIMINATION
   a. The Owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.

c. The CA and the Owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

14. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the CA has failed to comply with the HAP Contract, or has failed to take appropriate action to HUD’s satisfaction or as directed by HUD, for enforcement of the CA’s rights under the HAP Contract, HUD may assume the CA’s rights and obligations under the HAP Contract, and may perform the obligations and enforce the rights of the CA under the HAP Contract.

15. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the Owner under the HAP Contract:

1. The Owner has failed to comply with any obligation under the HAP Contract, including the Owner’s obligations to maintain all contract units in accordance with the housing quality standards.

2. The Owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).
3. The Owner has committed any fraud or made any false statement to the CA or HUD in connection with the HAP Contract.

4. The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.

5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
   
   A. The Owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
   
   B. The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.

6. The Owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. CA remedies

1. If the CA determines that a breach has occurred, the CA may exercise any of its rights or remedies under the HAP Contract.

2. The CA must notify the Owner in writing of such determination. The notice by the CA to the Owner may require the Owner to take corrective action (as verified by the CA) by a time prescribed in the notice.

3. The CA’s rights and remedies under the HAP Contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP Contract.

c. CA remedy is not waived

The CA’s exercise or non-exercise of any remedy for Owner breach of the HAP Contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR PHA

a. Required information

The Owner must prepare and furnish any information pertinent to the HAP Contract as may reasonably be required from time to time by the CA or HUD. The Owner shall furnish such information in the form and manner required by the CA or HUD.
b. **PHA and HUD access to premises**

The Owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the Owner to the extent necessary to determine compliance with the HAP Contract, including the verification of information pertinent to the housing assistance payments or the HAP Contract.

17. **CA AND OWNER RELATION TO THIRD PARTIES**

a. **Injury because of Owner action or failure to act**

The CA has no responsibility for or liability to any person injured as a result of the Owner’s action or failure to act in connection with the implementation of the HAP Contract, or as a result of any other action or failure to act by the Owner.

b. **Legal relationship**

The Owner is not the agent of the CA. The HAP Contract does not create or affect any relationship between the CA and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with the implementation of the HAP Contract.

c. **Exclusion of third party claims**

Nothing in the HAP Contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP Contract, or to assert any claim against HUD, the CA or the Owner under the HAP Contract.

d. **Exclusion of Owner claims against HUD**

Nothing in the HAP Contract shall be construed as creating any right of the Owner to assert any claim against HUD.

18. **PHA-OWNED UNITS**

Notwithstanding Section 17 of the HAP Contract, a CA may own units assisted under the PBV program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units and all other HUD requirements governing PHA ownership of PBV units.

19. **CONFLICT OF INTEREST**

a. **Interest of members, officers, or employees of CA, members of local governing body, or other public officials**
1. No present or former member or officer of the CA (except tenant-commissioners), no employee of the CA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP Contract.

2. HUD may waive this provision for good cause.

b. Disclosure

The Owner has disclosed to the CA any interest that would be a violation of the HAP Contract. The Owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP Contract or to any benefits arising from the contract.

20. EXCLUSION FROM FEDERAL PROGRAMS
a. Federal requirements

The Owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The Owner certifies that:

1. The Owner has disclosed to the CA the identity of the Owner and any principal or interested party.

2. Neither the Owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

21. TRANSFER OF THE CONTRACT OR PROPERTY
a. When consent is required

1. The Owner and the CA agree that neither the HAP Contract nor the premises may be transferred without the written consent of CA and HUD.
2. **“Transfer” includes:**

   A. Any sale or assignment or other transfer of ownership, in any form, of the HAP Contract or the property;

   B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP Contract;

   C. The creation of a security interest in the HAP Contract or the property:

   D. Foreclosure or other execution on a security interest;

   E. A creditor’s lien, or transfer in bankruptcy; or

   F. Any refinancing or restructuring of permanent debt imposing liens on the property by the Owner of the project, except to such extent permitted pursuant to that certain Rental Assistance Demonstration Use Agreement entered into in connection with the premises.

3. **Owner, CA and HUD hereby agree that:**

   A. CA and HUD hereby consent to any transfer of a passive or non-controlling interest in the Owner entity, including (by way of illustration and not of limitation, such transfers include transfers of the interests of limited partners in a limited partnership, transfers of the interests of members other than managing members or managers in a limited liability company, and transfers of interests in a corporation that cumulatively represent less than half the beneficial interest in the HAP Contract or the premises).

   B. The Owner must obtain advance consent of CA and HUD for transfer of any interest of a general partner of a limited partnership or for the transfer, elimination or addition of a manager or managing member of a limited liability company. If such assignment is made in connection with any HUD-approved financing for the premises, including without limitation low-income housing tax credits, subject to the provisions of Section 37 of this HAP Contract, HUD and CA hereby consent to: an assignment by a general partner of a limited partnership Owner to a limited partner; and an assignment by the managing member of a limited liability company Owner to another member of Owner.

   C. Limited CA and HUD consent to collateral assignments of the HAP Contract to lenders is provided in Section 36 of this HAP Contract.

**b. Transferee assumption of HAP Contract**

No transferee (including the holder of a security interest, the security holder’s transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance
payments pursuant to the HAP Contract, or to exercise any rights or remedies under the HAP Contract, unless the CA and HUD has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the CA and HUD in accordance with HUD requirements, to assume the obligations of the Owner under the HAP Contract, and to comply with all the terms of the HAP Contract.

c. **Effect of consent to transfer**

1. The creation or transfer of any security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.

2. The CA and HUD’s consent to transfer of the HAP Contract or the property does not to change the terms of the HAP Contract in any way, and does not change the rights or obligations of the PHA or the Owner under the HAP Contract.

3. The CA and HUD’s consent to transfer of the HAP Contract or the property to any transferee does not constitute consent to any further transfers of the HAP Contract or the property, including further transfers to any successors or assigns of an approved transferee.

d. **When transfer is prohibited**

The CA and HUD will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. **SUBSIDY LAYERING**

a. **Owner disclosure**

The Owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. **Limit of payments**

Housing assistance payments under the HAP Contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide
affordable housing after taking account of such related assistance. The CA will adjust in accordance with HUD requirements the amount of the housing assistance payments to the Owner to compensate in whole or in part for such related assistance.

23. OWNER LOBBYING CERTIFICATIONS
   a. The Owner certifies, to the best of Owner’s knowledge and belief, that:

      1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the Owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP Contract, or the extension, continuation, renewal, amendment, or modification of the HAP Contract.

      2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP Contract, the Owner must complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

   b. This certification by the Owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. Intentionally Omitted.

25. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP Contract may be terminated upon at least 30 days’ notice to the Owner by the CA or HUD if the CA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

26. NOTICES AND OWNER CERTIFICATIONS
   a. Where the Owner is required to give any notice to the CA pursuant to the HAP Contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the CA.

   b. Any certification or warranty by the Owner pursuant to the HAP Contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.
27. ENTIRE AGREEMENT; INTERPRETATION

a. The HAP Contract, including the exhibits, is the entire agreement between the CA and the Owner.

b. The HAP Contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP Contract. The Owner agrees to comply with all such laws and HUD requirements.

28. RAD REHAB ASSISTANCE PAYMENTS

For any unit (1) that is vacant during the period of Work pursuant to the RCC; and (2) for which the Owner is not otherwise receiving housing assistance payments in accordance with section 4(c) of this HAP Contract; the Owner is entitled to receive a monthly RAD Rehab Assistance Payment calculated in accordance with the provision of the RAD Notice governing RAD Rehab Assistance Payments (i.e., Notice PIH 2012-32 (HA), REV-2, section 1.7.A.9. or successor provision), in the amount of $517 per unit, as determined by HUD; shall apply to no more than 11 units in any given month; and shall commence upon the effective date of this HAP Contract, so long as the Owner is in compliance with the approved repair schedule as provided in the RCC. All RAD Rehab Assistance Payments shall end, and the Owner will cease to be entitled to any such payments, (1) on 08-01-2023; or (2) upon actual completion of the Work, if sooner. Provided, however, during the Year of Conversion (as defined in Section 2), any RAD Rehab Assistance Payments shall not exceed amounts funded pursuant to Section 1.d.4(a).

29. CA BOARD APPROVAL

The CA’s Board must approve the operating budget for the covered project annually in accordance with HUD requirements.

30. PROPERTY AND LIABILITY INSURANCE

The Owner agrees that the project shall be covered at all times by commercially available property and liability insurance to protect the project from financial loss. To the extent insurance proceeds permit, or as determined feasible by the first mortgage lender, the Owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.

31. RESIDENT PROCEDURAL RIGHTS’ GRIEVANCE PROCESS

The Owner and the CA must comply with the grievance process requirements in the RAD Notice (including section 1.6.C.7.ii. or successor provision) for projects converting to PBV assistance.
32. **RESIDENT PARTICIPATION AND FUNDING**

In accordance with Attachment 1B.2.B. of the RAD Notice, captioned “PBV Resident Participation and Funding,” families in projects that convert to PBV assistance have the right to establish and operate resident organizations for the purpose of addressing issues related to their living environment. The Attachment details all of the requirements governing Resident Participation and Funding, with which the Owner must comply.

33. **FLOOD INSURANCE**

If the project is located in an area that has been identified by the Federal Emergency Management Agency as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Program, the Owner agrees that: (1) the project will be covered, during the life of the property, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less; and (2) that it will advise any prospective purchaser or transferee of the property in writing of the continuing requirement to maintain such flood insurance during the life of the property.

34. **REPLACEMENT RESERVE REQUIREMENT**

The Owner shall establish and maintain a replacement reserve in accordance with the RCC.

35. **LABOR STANDARDS**

By execution of this HAP Contract, the Owner warrants that construction or repair Work on the project that is initiated within eighteen (18) months of the effective date of the HAP Contract shall be in compliance with applicable labor standards, including Davis-Bacon wage requirements, as stated in the “Addendum to the HAP Contract—Labor Standards.” The “Addendum to the HAP Contract—Labor Standards” shall be included as an “Additional Exhibit” under Part 1, Section 1.c. of the HAP Contract.

36. **LENDER PROVISIONS**

Notwithstanding anything else in this HAP Contract:

a. The holder of any HUD-approved mortgage against the project may take action against the Owner and the project that results in the holder of the mortgage or its designee (either referred to herein as “Lender Temporary Custodian”) coming into ownership of the project or assuming the role of “Owner” under this HAP Contract. Transfer of the project or the HAP Contract from the Owner is grounds for termination of the HAP Contract assistance unless otherwise approved by HUD.
HUD and CA hereby consent to a collateral assignment of this contract to any Lender Temporary Custodian and pre-approve any Lender Temporary Custodian as a temporary custodian of the project and as a new “Owner” pursuant to this HAP Contract, and continued assistance to the project pursuant to this HAP Contract, subject to the following conditions:

1. HUD and CA must receive thirty (30) days prior written notice of the transfer of the project to the Lender Temporary Custodian and the form of the documents necessary to effect such transfer.

2. In connection with the transfer, Lender Temporary Custodian must execute and deliver to HUD and CA an assumption on the HAP Contract, in such form as acceptable to HUD.

3. Such approval and consent to continue assistance pursuant to this HAP Contract is expressly limited to a period of only 90 days that commences the date of such transfer of the project, provided that HUD in its sole discretion may extend such 90-day period by an additional 30 days, or for so long as HUD deems reasonably necessary for Lender to find a permanent replacement Owner. Consistent with Public Law 112-55, in the event that the Lender Temporary Custodian comes into ownership of the project, the Lender Temporary Custodian shall use such interim period to identify a proposed permanent Owner determined by HUD to be capable of abiding by the HAP Contract, Use Agreement, and any and all applicable RAD program requirements. The provision of housing assistance payments to any proposed permanent replacement Owner is subject to HUD’s consent.

4. Prior to a transfer of the project to a Lender Temporary Custodian, HUD may at any time by written notice to a Lender Temporary Custodian revoke the approvals given herein if HUD becomes aware of any conditions or circumstances (by way of illustration and not limitation, such conditions or circumstances may include debarment, suspension or limited denial of participation) that would disqualify or compromise the ability of Lender Temporary Custodian from acting as an interim custodian of the project pursuant to the HAP Contract.

37. LOW-INCOME HOUSING TAX CREDIT PROVISIONS

Notwithstanding anything else in this HAP Contract:

a. Notice. As long as the equity investor identified below (“Equity Investor”) is a partner or member of Owner, HUD shall endeavor as a courtesy to Equity Investor to deliver to Equity Investor a copy of any notice of default that is delivered to Owner under the terms of the HAP Contract. Use Agreement or RAD Conversion Commitment (RCC). Equity Investor’s Address for such purposes is:
b. **Right to Cure.** Any cure of any default by Owner under the HAP Contract, Use Agreement or RCC offered by Equity Investor shall be treated the same as if offered by Owner.

c. **Transfer of Investor Members/Partners.** Equity Investor, and each successor member or partner in Owner, may transfer its interest in the Owner without prior written consent of HUD if:

1. HUD receives prior written notice of such transfer; and

2. HUD receives executed copies of any and all documents necessary to effect such transfer, including any and all amendments to Owner’s organizational documents.

d. **Removal of General Partner/Managing Member**

1. HUD and CA have pre-approved the replacement of the Owner’s general partner or managing member with an affiliate of Equity Investor, or any successor equity investor (“Interim Replacement GP/MM”) as a temporary replacement general partner/managing member of the Owner, in the event Owner’s general partner or managing member is removed for cause in accordance with Owner’s organizational documents.

2. Interim Replacement GP/MM may remove Owner’s general partner or managing member in accordance with the Owner’s organizational documents without further written consent from HUD or CA and HUD and CA shall continue assistance to the project in accordance with the HAP Contract, provided that Interim Replacement GP/MM provide HUD and CA with prior written notice of such replacement and HUD and CA receive executed copies of any and all documents necessary to effect such replacement.

3. Such approval of such Interim Replacement GP/MM is expressly limited to a period of only 90 days that commences the date of such removal, provided that HUD in its sole discretion may extend such 90-day period by an additional 30 days, or for so long as HUD deems reasonably necessary to provide for a permanent replacement of the general partner or managing member. After such interim period, any proposed permanent replacement for the Owner’s general partner or managing member is subject to HUD’s consent.
4. HUD may at any time by written notice to Equity Investor or any successor revoke the approvals given herein if HUD becomes aware of any conditions or circumstances that would disqualify or compromise the ability of Interim Replacement GP/MM from acting as an interim general partner/managing member pursuant to this HAP Contract.

38. CONTINUATION OF HAP CONTRACT

Except where otherwise approved by HUD, this HAP Contract shall continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract in the event: (1) Of assignment, sale, or other disposition of this HAP Contract; (2) Of foreclosure, including foreclosure by HUD; (3) Of assignment of the mortgage or deed in lieu of foreclosure; (4) HUD or the CA takes over possession, operation or ownership; or (5) The Owner prepays the mortgage.

39. ALTERNATIVE REQUIREMENTS

a. Owner Proposal Selection Procedures. Projects will be selected for assistance in accordance with the provisions in the RAD Notice. Therefore, 24 C.F.R. § 983.51 does not apply.

b. Percentage Limitation. Section 8(o)(13)(B) of the 1937 Act and 24 C.F.R. § 983.6 do not apply to assistance provided under RAD.

c. Consistency with PHA Plan and Other Goals. Section 8(o)(13)(ii) of the 1937 Act and 24 C.F.R. §§ 983.57(b)(1) and (c) do not apply.

Signatures:

Contract Administrator
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
a public body corporate and politic

By: _________________________
Douglas Guthrie
President and Chief Executive Director

Owner
ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: _________________________
Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _________________________
Frank Cardone
President

By: _________________________
LOMOD RHC I, LLC
a California limited liability company,
its managing general partner

By: _________________________
La Cienega LOMOD, Inc, a California nonprofit public benefit corporation,
its sole member

By: _________________________
Tina Smith-Booth
President

HUD 52530A (04/2015) and HUD 52621 (4/2017)
EXHIBIT A

IDENTIFICATION OF UNITS BY SIZE AND INITIAL CONTRACT RENTS

- Project name: Rose Hill Courts Phase I
- The project’s street address is: 4466 and 4486 Florizel Street Los Angeles, CA 90032
- Description of contract units: 11 of the 89 units as depicted in plans and specifications on file with the Owner.
- Total number of units covered by this Agreement: 11
- Number of contract units by area and other contract rent information:

  **Initial Contract Rents**

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Number of Units</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Bedroom</td>
<td>6</td>
<td>$924</td>
<td>$56</td>
<td>$980</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>5</td>
<td>$1,274</td>
<td>$66</td>
<td>$1,340</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Bedrooms</th>
<th>No. of Bathrooms</th>
<th>Ave Unit Square Footage</th>
<th>Unit/Address Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1</td>
<td>960</td>
<td>TBD</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>960</td>
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</tr>
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<td>1</td>
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<td>3</td>
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</tr>
<tr>
<td>3</td>
<td>2</td>
<td>1,200</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Note: RAD unit designations will be made upon lease-up to ensure needs of RAD residents are met.*
EXHIBIT B

SERVICES, MAINTENANCE AND EQUIPMENT PROVIDED BY THE OWNER

Maintenance and Repairs.

Owner shall:

1. cause the development to be maintained in a decent, safe, and sanitary condition and in a rentable and tenantable state of repair, all in accordance with public housing and Project Based Voucher requirements and the Rental Assistance Demonstration requirements;

2. comply with requirements of applicable building codes, housing codes, and federal regulations materially affecting health and safety;

3. keep all building, facilities and common areas, not otherwise assigned to tenants for maintenance and upkeep, in a clean and safe condition;

4. maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilating and other facilities and appliances supplied or required to be supplied by Owner; and

5. provide and maintain appropriate receptacles and facilities (except containers for exclusive use by an individual tenant household) for the deposit of garbage, rubbish and other waste removed from the dwelling unit by the tenant.

Services, maintenance, and equipment paid by owner

<table>
<thead>
<tr>
<th>Service/maintenance/equipment</th>
<th>Responsible party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trash Collection</td>
<td>Owner</td>
</tr>
<tr>
<td>General Maintenance</td>
<td>Owner</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>Owner</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>Owner</td>
</tr>
<tr>
<td>Range</td>
<td>Owner</td>
</tr>
<tr>
<td>Laundry Facilities</td>
<td>Owner</td>
</tr>
</tbody>
</table>
# EXHIBIT C

**UTILITIES AND SERVICES**

Project name: **Rose Hill Courts Phase I**

<table>
<thead>
<tr>
<th>Item</th>
<th>Landlord Pays/Provides</th>
<th>Tenant Pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Water</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Basic Electricity</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Electric – Cooking</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Electric – Heating</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Air Conditioning</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Sewer Service</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Garbage Collection</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SCEP Fees</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Internet</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Cable</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Telephone</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
EXHIBIT D

ACCESSIBILITY FEATURES

*Rose Hill Courts Phase I* will include new units that will exceed the Uniform Federal Accessibility Standards (UFAS) requirements. The new construction will include 14.6% (13 of the 89 new apartments) equipped for people with mobility challenges and 7.9% (7 of the 89 new apartments) equipped to serve people with sight and hearing impairments in accordance with the requirements of 24 CFR 8.22 and Section 504 of the Rehabilitation Act of 1973.

The apartments equipped for mobility-impaired and audio/visual-impaired individuals are distributed across the development. The unit mix by bedroom size is below.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Mobility-Equipped</th>
<th>Audio/Visual-Equipped</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>2</td>
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<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>13</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>
Addendum to the HAP Contract—Labor Standards

This addendum is used for both the Project-Based Voucher HAP Contract and the Project-Based Rental Assistance (“PBRA”) HAP Contract under the Rental Assistance Demonstration and is applicable for all construction or repair work on projects that are initiated within eighteen (18) months after the effective date of the HAP contract. For PBRA HAP Contracts, it is “Exhibit 4” to the HAP Contract.

1. HUD-FEDERAL LABOR STANDARDS PROVISIONS

The owner is responsible for inserting the entire text of section 1 of this Addendum in all construction contracts for construction or repair work on the project that is initiated within eighteen (18) months of the effective date of the HAP contract and, if the owner performs any rehabilitation work on the project, the owner must comply with all provisions of section 1. (Note: Sections 1(b) and (c) apply only when the amount of the prime contract exceeds $100,000.)

(a)(1)(i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project) will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made part hereof regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section l(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's [12514] payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321)) shall be posted at all times by the contractor and its
subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii)(A) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met: (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; (2) The classification is utilized in the area by the construction industry; and (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (a)(1)(ii)(B) or (C) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determinations or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably
anticipated in providing bona fide fringe benefits under a plan or program: Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractors under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due.

(3)(i) Payrolls and Basic Records. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section l(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section l(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the
registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at http://www.dol.gov/esa/whd/forms/wh347instr.htm or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit them to the applicant, sponsor, or owner, as the case may be, for transmission to HUD or its designee, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sponsoring government agency (or the applicant, sponsor, or owner).

(B) Each payroll submitted shall be accompanied by a "Statement of compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: (1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5(a)(3)(ii), the appropriate information is being maintained under 29 CFR 5.5 (a)(3)(i), and that such information is correct and complete; (2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR part 3; (3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.
(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of Title 18 and section 3801 et seq. of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4)(i) Apprentices and Trainees. Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions
of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In the event the Employment and Training Administration withdraws approval of a program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal Employment Opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act Requirements. The contractor shall comply with the requirements of 29 CFR part 3 which are incorporated by reference in this Addendum.
(6) Subcontracts. The contractor or subcontractor will insert in any subcontracts the clauses contained in section 1(a)(1) through (11) and such other clauses as HUD or its designee may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this section 1(a).

(7) Contract Terminations; Debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes Concerning Labor Standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

(10)(i) Certification of Eligibility. By entering into this Addendum, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR part 24.

(ii) No part of this Contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR part 24. [12516]


11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Addendum are applicable shall be discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Addendum to his employer.
(b) Contract Work Hours and Safety Standards Act. The provisions of this paragraph (b) are applicable only where the amount of the prime contract exceeds $ 100,000. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) Overtime Requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages.

Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of $ 10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) Withholding for Unpaid Wages and Liquidated Damages. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraphs (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

(c) Health and Safety. The provisions of this paragraph (c) are applicable only where the amount of the prime contract exceeds $ 100,000.
(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The contractor shall comply with all regulations issued by the Secretary of Labor pursuant to 29 CFR part 1926, and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3701 et seq.

(3) The contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontract as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.
2. WAGE AND CLAIMS ADJUSTMENTS

The owner shall be responsible for the correction of all violations under section 1 of this Addendum, including violations committed by other contractors. In cases where there is evidence of underpayment of salaries or wages to any laborers or mechanics (including apprentices and trainees) by the owner or other contractor or a failure by the owner or other contractor to submit payrolls and related reports, the owner shall be required to place an amount in escrow, as determined by HUD sufficient to pay persons employed on the work covered by the Addendum the difference between the salaries or wages actually paid such employees for the total number of hours worked and the full amount of wages required under this Addendum, as well as an amount determined by HUD to be sufficient to satisfy any liability of the owner or other contractor for liquidated damages pursuant to section 1 of this Addendum. The amounts withheld may be disbursed by HUD for and on account of the owner or other contractor to the respective employees to whom they are due, and to the Federal Government in satisfaction of liquidated damages under section 1.

3. EVIDENCE OF UNIT(S) COMPLETION; ESCROW

(a) The owner shall evidence the completion of the unit(s) by furnishing the Contract Administrator a certification of compliance with the provisions of sections 1 and 2 of this Addendum, and that to the best of the owner's knowledge and belief there are no claims of underpayment to laborers or mechanics in alleged violation of these provisions of the Addendum. In the event there are any such pending claims to the knowledge of the owner, the Contract Administrator, or HUD, the owner will place a sufficient amount in escrow, as directed by the Contract Administrator or HUD, to assure such payments.

(b) The escrows required under this section and section 2 of this Addendum shall be paid to HUD, as escrowee, or to an escrowee designated by HUD, and the conditions and manner of releasing and approving such escrows shall be approved by HUD.
GROUND LEASE AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

ROSE HILL COURTS I HOUSING PARTNERS, L.P.

DATED AS OF [_______, 2021]
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GROUND LEASE AGREEMENT

Rose Hill Courts Phase I

THIS GROUND LEASE AGREEMENT (this “Lease”) is entered into as 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 ROSE HILL COURTS I HOUSING PARTNERS, L.P., 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. Tenant is a California limited partnership duly formed and authorized to do business in the State of California having Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, as its administrative general partner (the “Administrative General Partner”), LOMOD RHC I, LLC, a California limited liability company, as its managing general partner (the “Managing General Partner”).

C. Tenant and Landlord entered into that certain Disposition and Development Agreement for Rose Hill Courts – Phase I for the Redevelopment of the Rose Hill Courts Public Housing Community (“DDA”) dated February 5, 2020, as amended by that certain First Amendment to Disposition and Development Agreement for Rose Hill Courts – Phase I dated August 28, 2020, to which the Landlord and Tenant are parties, as may be further amended, for the development of the Leased Premises.

D. Tenant intends to construct a multifamily residential complex on the Leased Premises with approximately eighty-nine (89) units of rental housing (the “Residential Units”) and other ancillary improvements (collectively, the “Improvements”). The Residential Units shall be comprised of eighty-four (84) units that will be operated and maintained as qualified low-income housing tax credit units (the “Tax Credit Units”) and one (1) manager unit. Eleven (11) units will be operated pursuant to a RAD HAP Contract and the RAD Requirements (the “RAD Units”) and seventy-seven (77) units will be operated pursuant to a PBV HAP Contract (the “PBV Units”). Two (2) RAD Units and two (2) PBV Units will not be Tax Credit Units. The RAD Units and PBV Units are designated as “replacement units” for public housing units demolished at the existing Rose Hill Courts public housing site.

E. Landlord desires to lease the Leased Premises to Tenant for a period of seventy-five (75) years pursuant to the terms of this Lease[, with two (2) options for Landlord to extend this Lease, each for twelve (12) years].

F. Capitalized terms which are referred to and utilized throughout this Lease, including in these Recitals, are defined in Article 1 of this Lease.
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:

**ARTICLE 1 DEFINITIONS**

Section 1.1 Definitions.

For the purposes of this Lease, the following defined terms shall have the meanings ascribed thereto in this Article 1.

(a) “Act” shall mean the United States Housing Act of 1937, as amended.

(b) “Annual Rent” shall mean the rent due annually to Landlord from Tenant pursuant to Section 4.1 of this Lease.

(c) “Applicable CC&Rs & Easements” shall mean all covenants, conditions, restrictions, and easements that are now or hereafter recorded against the Leased Premises and/or the Project and (i) are identified as exceptions to coverage in the Owner’s Title Policy issued to Tenant on the Commencement Date; (ii) are required by the City or one or more other Governmental Authorities in connection with the construction or development of the Project or related infrastructure (if any), (iii) are contemplated by the Phase I Development Plan (as defined in the DDA), (iv) arise by, through, or under Tenant or Tenant’s contractors, agents, or licensees; or (v) are otherwise approved by Tenant in writing.

(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 tax-exempt construction loan from MUFG Union Bank, N.A. (“Union”), in the approximate amount of [Thirty One Million Eight Hundred Forty-Three Thousand Six Hundred Thirty-Two Dollars ($31,843,632.00)] (the “Tax-Exempt Construction Loan”), funded from tax-exempt bond proceeds pursuant to a funding loan from Union to the Landlord and a project loan from the Landlord to the Tenant, which project loan will be concurrently assigned from the Landlord to ___________, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Sixteen Million Six Hundred Eighty-Five Thousand Dollars ($16,685,000.00)] (the “Permanent Loan”);

(2) A taxable construction loan from Union, in the approximate amount of [Six Million Four Hundred Fifty-Four Thousand Four Hundred Eighty-One Dollars ($6,454,481.00)] funded from taxable bond proceeds pursuant to a funding loan from Union to the Landlord and a project loan from the Landlord to the Tenant, which project loan will be concurrently assigned to ___________, as fiscal agent (the “Taxable Construction Loan” and together with the Tax-Exempt Construction Loan, the “Construction Loan”);
(3) An acquisition loan from the Landlord in the in the approximate amount of [Seven Million One Hundred Thousand Dollars ($7,100,000.00)] (the “Authority Acquisition Loan”), which loan represents the fair market value of the Leased Premises;

(4) A loan from the Landlord in the maximum principal amount of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)] made with funds available to the Landlord pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”);

(5) A gap loan from the Landlord in the approximate original amount of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)] (the “Authority Gap Loan”);

(6) A permanent loan from HCD in the approximate amount of Twelve Million Dollars ($12,000,000.00) made pursuant to the Affordable Housing and Sustainable Communities program (the “HCD Loan”);

(7) Investor equity funds generated from Low Income Housing Tax Credits in the approximate amount of [Seventeen Million Six Hundred Ninety-Two Thousand One Hundred Twenty-Nine Dollars ($17,692,129.00)]; and

(8) If obtained by Tenant, an Affordable Housing Program loan from the Federal Home Loan Bank in the approximate amount of _____________ Dollars ($__________).00 (the “AHP Loan”).

(e) “Approved Financing Documents” shall mean the documents that evidence the Approved Financing.

(f) “Authority Acquisition Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority Acquisition Loan of substantially even date herewith, securing the Authority Acquisition Note and recorded against the Leased Premises.

(g) “Authority Acquisition Note” shall mean that certain Authority Acquisition Note executed by Tenant in favor of Landlord for the full fair market value of the Leased Premises, as determined in accordance with the DDA, and evidencing the Authority Acquisition Loan.

(h) “Authority Loan Agreement” shall mean that certain Authority Loan Agreement by and between the Landlord, as lender, and the Tenant, as borrower, governing the Authority Gap Loan and Authority IIG Loan.

(i) “Casualty” shall have the meaning set forth in Article 12 hereof.

(j) “City” shall mean Los Angeles, California.
(k) “Closing” shall mean the date on which the Memorandum of Lease and the Approved Financing Documents, except the documents pertaining to the HCD Loan and AHP Loan are executed and recorded, as applicable, against the Leased Premises.

(l) “Commencement Date” shall mean the date of Closing.

(m) “Conversion” shall mean the date of the Construction Loan is paid in full or converted into permanent financing in whole or in part.

(n) “Event of Default” shall have the meaning set forth in Article 13 hereof.

(o) “First Mortgage Loan” shall mean (i) the Construction Loan or (ii) the Permanent Loan, during the respective term of each or, if both have been paid off and the deed of trust related to such loans have been released, the loan that is next in priority order.

(p) “First Mortgagee” shall mean the holder(s) of the First Mortgage Loan.

(q) “Force Majeure” shall mean one of the following to the extent outside of the reasonable control of the party claiming relief based upon same: (a) acts of God, or of the public enemy, (b) riots, war or acts of terrorism, (c) fires, (d) floods or earthquakes, epidemics, (e) quarantine restrictions, (f) strikes or lockouts, (g) freight embargoes, or (h) other events substantially similar in scope and magnitude to the events described in foregoing (a)-(i).

(r) “Governmental Authorities” shall mean any applicable federal, state, or local governmental or quasi-governmental entities, subdivisions, agencies, authorities, or instrumentalities having jurisdiction over the Leased Premises, the Improvements, Landlord, or Tenant.

(s) “Hazardous Substances and Materials” 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 Section 25281(h) or 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 Leased Premises, but excluding any substances or materials used in the construction or the maintenance or operation of the Project, so long as the same are used in accordance with all applicable laws.

(t) “HCD” shall mean the California Department of Housing and Community Development.
(u) “HUD” shall mean the U.S. Department of Housing and Urban Development.

(v) “Impositions” shall mean all taxes including property taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied, or imposed during the Term by any Governmental Authorities upon the Leased Premises or any part thereof, including the buildings or improvements now or hereafter located thereon; provided, however, that the term “Impositions” shall not include any income tax, capital levy, estate, succession, inheritance, transfer, or similar taxes of Tenant, or any franchise tax imposed upon any owner of the fee estate of the Leased Premises, or any income, profits, or revenue tax, assessment, or charge imposed upon the rent or other benefit received by Tenant under this Lease by any Governmental Authorities.

(w) “Improvements” shall mean the eighty-nine (89) Residential Units to be constructed on the Leased Premises, including, without limitation, tenant-related space and related ancillary facilities, together with any and all replacements or substitutions therefor or modifications thereto.

(x) “Insurance Requirements” shall mean the requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization, or entity performing the same or similar functions, applicable to the Leased Premises and/or the Improvements, or any portion thereof, to the extent so applicable.

(y) “Investor” shall mean Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company.

(z) “Landlord’s Estate” shall mean Landlord’s fee estate in the land constituting the Leased Premises.

(aa) “Lease” shall mean this Ground Lease Agreement.

(bb) “Lease Year” shall mean a calendar year.

(cc) “Leased Premises” shall mean that certain land located in the City, as more particularly described on Exhibit A attached hereto and made a part hereof together with all and singular rights, easements, licenses, privileges and appurtenances thereunto or belonging thereto.

(dd) “Legal Requirements” shall mean all applicable laws, statutes, codes, ordinances, orders, rules, regulations, and requirements of all Governmental Authorities and the appropriate agencies, officers, departments, boards, and commissions thereof, whether now or hereafter in force, applicable to Landlord, Tenant, the Leased Premises, the Improvements, or any portion thereof, to the extent so applicable.

(ee) “Management Agent” shall mean the Person designated from time to time as “Management Agent” of all or any portion of the Improvements under any management
agreement entered into from time to time with Tenant. Related Management Company, L.P. is approved by Landlord and shall serve as the initial Management Agent for the Project.

(ff) “Memorandum of Lease” shall mean the memorandum of this Lease to be recorded against the Leased Premises in the Official Records in the form attached hereto as Exhibit B.

(gg) “Mortgage” shall mean any mortgage, deed of trust, security agreement, or collateral assignment executed in connection with the Approved Financing encumbering Tenant’s Estate created hereunder as a leasehold deed of trust lien.

(hh) “Mortgagee” shall mean the holder, mortgagee, grantee, or secured party under any Mortgage and its successors and assigns.

(ii) “Net Cash Flow” shall have the meaning set forth in the Partnership Agreement, provided that the definition of such term, and any amendments thereof, is approved by the Authority.

(jj) “Net Condemnation Award” shall mean the net amounts owed or paid to the Parties and Mortgagee(s), if any, or to which either of the Parties and Mortgagee(s), if any, may be or become entitled by reason of any Taking or pursuant to any agreement with any condemning authority which has been made in settlement of any proceeding relating to a Taking, less any costs and expenses incurred by the Parties and Mortgagee(s), if any, in collecting such award or payment.

(kk) “New Lease” shall have the meaning set forth in Section 9.7 hereof.

(ll) “Official Records” shall mean the official land records of Los Angeles County, California.

(mm) “Operating Budget” shall mean the annual operating budget for the Project that sets forth the projected Operating Expenses for the upcoming year, that is subject to and shall be submitted for review and reasonable approval of Landlord’s chief executive officer, or his designee, each year during the Term as set forth in Section 4.6 hereof.

(nn) “Operating Expenses” shall mean actual, reasonable, and customary (for comparable rental housing developments in Los Angeles County) costs, fees, and expenses directly incurred, paid, and attributable to the operation, maintenance, and management of the Project in a calendar year, including, without limitation: painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, debt service, amounts required to be deposited into reserves by the Approved Financing, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, the cost of social services and other housing supportive services provided at the Project, extraordinary expenses approved by
Landlord, and other actual, reasonable, and customary operating costs and capital costs which are directly incurred and paid by Tenant, but which are not paid from any reserve accounts for the Project.

(oo) “Partnership Agreement” shall mean the Tenant’s Amended and Restated Agreement of Limited Partnership dated as of [____________, 2021], as it may be amended or supplemented from time to time.

(pp) “PBV HAP Contract” shall mean one or more Section 8 PBV Housing Assistance Payments Contracts which may be entered into by and between Landlord and Tenant with respect to the PBV Units.

(qq) “PBV Units” shall mean the seventy-seven (77) units operated and maintained in accordance with any PBV HAP Contract and all of which units are designated replacement units for the public housing units demolished at the existing Rose Hill Courts public housing site.

(rr) “Party” shall mean Landlord or Tenant, as applicable. Landlord and Tenant shall be referred to collectively as the “Parties”.

(ss) “Person” shall mean an individual, partnership, corporation, limited liability company, trust, unincorporated association, or other entity or association.

(tt) “Post-Foreclosure Rent Restriction” shall mean, following foreclosure or deed in lieu of foreclosure of Tenant’s interest in the Project by any Mortgagee, the gross rent with respect to such Tax Credit Unit in the Project does not exceed thirty percent (30%) of the imputed income limitation applicable to such unit as calculated pursuant to 26 U.S.C. § 42(g)(2). For purposes of this definition, the income imputed limitation applicable to any unit in the Project shall be deemed to be eighty percent (80%) of area median income.

(uu) “Project” shall mean the Improvements and Tenant’s Estate.

(vv) “RAD HAP Contract” shall mean one or more RAD Section 8 Housing Assistance Payments Contracts which may be entered into by and between Landlord and Tenant with respect to the eleven (11) RAD Units, and any exhibits, addenda, riders and/or amendments thereto, approved by HUD, Investor, and Mortgagees.

(ww) “RAD Requirements” shall include, but not be limited to: (i) 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. 114-235, 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), 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; (ii) all current requirements in HUD handbooks, guides, notices (including but not limited to, HUD Notice H-2019-09 PIH-2019-23 (HA) (September 5, 2019), 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 Leased Premises and Improvements only to the extent that they interpret, clarify, and implement terms in the applicable closing document rather than add or delete provisions from such document; (iii) requirements of the RAD Use Agreement; and (iv) requirements of the RAD HAP Contract.

(xx) “RAD Units” shall mean the eleven (11) units operated and maintained in accordance with any RAD HAP Contract entered into.

(yy) “RAD Use Agreement” shall mean that certain Rental Assistance Demonstration Use Agreement executed by Landlord, Tenant and HUD to be recorded with respect to permitted uses of the Leased Premises and rights of potential beneficiaries and any riders or amendments thereto, approved by HUD, Investor, and Mortgagees. In the event of any conflict between the provisions of the RAD Use Agreement and this Lease, the RAD Use Agreement shall govern.

(zz) “Regulatory Agreements” shall mean, collectively, the Tax Credit Regulatory Agreement and any regulatory agreement(s) executed by Tenant in connection with the Approved Financing, and any other regulatory agreement reasonably determined to be necessary or advisable by Tenant (with the reasonable consent of Landlord) during the Term. To the extent that any regulatory agreement or covenant is extinguished through foreclosure (or otherwise terminated or expired), such regulatory agreement(s) or covenant shall no longer be applicable to this Lease.

(aaa) “Rent” shall have the meaning set forth in Section 4.1 hereof.

(bbb) “Residential Units” shall mean the eighty-nine (89) multi-family residential units to be developed on the Tenant’s Estate (excluding the managers’ units).

(ccc) “Resident(s)” shall mean any tenant, sub-tenant, or licensee of Tenant under any Residential Lease(s).

(ddd) “Resident Lease(s)” shall mean any lease or license agreement entered into by Tenant with residents of the Residential Units to be constructed on the Leased Premises.

(eee) “Right of First Refusal/Purchase Option” shall mean the purchase option and right of first refusal described in the Partnership Agreement and Section 17.7 herein that provides (i) Landlord or its designee with a right of first refusal and purchase option related to the Project and (ii) the Administrative General Partner with a purchase option related to the Project.

(fff) “Section 3” shall have the meaning set forth in Section 3.7(d) hereof.
(ggg) “Section 18 Restriction” shall have the meaning set forth in Section 3.6(b) hereof.

(hhh) “Section 42” shall mean Section 42 of the Internal Revenue Code of 1986, as amended.

(iii) “Taking” shall mean a taking during the Term hereof of all or any part of the Leased Premises and/or the Improvements, or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain or a change in grade materially affecting the Leased Premises and/or Improvements or any part thereof. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right, or interest so taken must be surrendered to the condemning authority, or (b) the date title vested in a condemning authority or other party pursuant to any Taking. If a Mortgage exists, the Mortgagees, to the extent permitted by law and pursuant to such Mortgagees loan documents, shall be made parties to any Taking or Taking proceeding.

(iii) “Tax Credit Eligible Household” shall mean a household that is eligible to rent and occupy a qualified low-income dwelling unit under Section 42 and any Legal Requirements of the State of California or TCAC relating to low-income housing tax credits.

(kkk) “Tax Credit Regulatory Agreement” shall mean that certain agreement with TCAC to be executed by Tenant and properly recorded in the Official Records, setting forth certain terms and conditions under which the Project will be operated.

(III) “Tax Credit Units” shall mean eighty-four (84) of the Residential Units located on the Leased Premises, which are to be restricted for use during the “compliance period” and any “extended use period” (as such terms are defined in Section 42) solely by Tax Credit Eligible Households.

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

(nnn) “Tenant’s Estate” shall mean Tenant’s leasehold interest in the Leased Premises acquired pursuant to this Lease, the Authority Acquisition Loan Note and the Authority Acquisition Deed of Trust, and Tenant’s ownership of the Improvements during the Term.

(ooo) “Term” shall mean the period of time set forth in Section 2.3 hereof.

(ppp) “Transfer” shall mean any sale, assignment, transfer, conveyance, encumbrance, mortgage, or hypothecation, in any manner or form or any agreement to do any of the foregoing.

Section 1.2 Exhibits. The Exhibits referred to in this Lease and attached hereto are expressly a part of this Lease as if fully set forth herein:

Exhibit A: Leased Premises
ARTICLE 2 LEASE OF THE LEASED PREMISES

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 seventy-five (75)-year leasehold interest during the Term created by this Lease in the amount of [Seven Million One Hundred Thousand Dollars ($7,100,000)], pursuant to the following documents entered into as of even date herewith: 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, [Seven Million One Hundred Thousand Dollars ($7,100,000)], represents the purchase price, at the appraised fair market value, of the Leased Premises.

Section 2.2 Intentionally Omitted.

Section 2.3 Term. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term ("Term"), commencing on the Commencement Date and expiring on date that is seventy-five (75) years from Closing. [At the sole discretion and option of the Landlord, the Term may be extended for two (2) additional periods of twelve (12) years each.]

Section 2.4 Use. Tenant shall, throughout the Term, continuously use the Leased Premises and the Improvements only for the construction, operation, marketing for lease, and leasing of the Residential Units, and such other uses as are reasonably and customarily attendant to such uses, subject to the Regulatory Agreements and this Lease, including but not limited to the restrictions and requirements set forth in Article 3 hereof. The Project shall be used, operated, and devoted for the entire Term as required by Exhibit C, provided that the Post-Foreclosure Rent Restrictions shall apply following any foreclosure, and for no other use or purpose. Further, Tenant agrees:

(a) not to use the Leased Premises for any disorderly or unlawful purpose;
(b) to use commercially reasonable efforts to prevent any action by any Residents from committing or maintaining any nuisance or unlawful conduct on or about the Leased Premises;

(c) to use commercially reasonable efforts to prevent any action by any Resident that would cause Tenant to violate any of the covenants and conditions of this Lease with respect to the Project;

(d) upon reasonable prior notice from Landlord, to take reasonable action, if necessary, to abate any action by any Resident that would cause Tenant to violate this Lease; and

(e) subject to the rights of Residents, to permit Landlord and its agents upon not less than forty-eight (48) hours’ prior written notice to inspect the Leased Premises or any part thereof at any reasonable time during the Term.

Section 2.5 Possession. Landlord agrees to and shall provide possession of the Leased Premises to Tenant on the Commencement Date.

Section 2.6 Memorandum of Lease. Concurrent with the execution of this Lease, the Parties shall execute and acknowledge the 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.

ARTICLE 3 THE IMPROVEMENTS

Section 3.1 Construction. Tenant shall cause the commencement and completion of construction of the Improvements on or before the dates set forth in the Authority Gap Loan Agreement, subject to Force Majeure. Tenant shall cause the Improvements to be constructed in substantial compliance with the plans and specifications that have been approved by Landlord pursuant to the Authority Gap Loan Agreement. The construction of the Improvements shall be conducted in a good and worker-like manner, in compliance with all requirements set forth in this Lease, the requirements of the Approved Financing, all permits and approvals issued for the Project, all construction documents as approved by Landlord, and all applicable laws (including without limitation, the federal Davis-Bacon and Related Acts and Section 3 of the Housing and Community Development Act of 1974, as amended) (“Section 3”), Tenant’s obligations set forth in Section 3.7 below and 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 Authority having jurisdiction, and the Tenant shall be responsible to the Landlord for the procurement and maintenance thereof, as may be required of the Tenant and all entities engaged in work on the Project. In designing and constructing the Project, the Tenant shall comply with accessibility requirements, shall meet Section 3 requirements, and shall use sustainable construction materials and techniques in accordance with the Sustainability Plan attached hereto as Exhibit D, such that the Project shall at a minimum (a) meet the requirements of the Project Design Features from the Mitigation Measures (as hereinafter defined) and (b) be designed and constructed to incorporate the
environmentally-sustainable design features under Build It Green’s “GreenPoint Rated” system. Tenant shall take no action to effectuate any material amendments, modifications, or alterations to the plans and specifications unless Landlord has approved such, in writing and in advance.

Section 3.2 No Liens. Tenant shall not have any right, authority, or power to bind Landlord, Landlord’s Estate, or any other interest of Landlord in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien, or security interest incurred in connection with the construction or operation of the Improvements or any change, alteration, or addition thereto. Tenant shall not have any right to encumber Tenant’s Estate without the written consent of Landlord, other than for Approved Financing and the Regulatory Agreements, utility easements, and other customary easements or agreements necessary and incidental to the construction and operation of the Improvements, which easements are subject to the approval of Landlord, which shall not be unreasonably withheld. Notwithstanding the forgoing and subject to the prior written approval of the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, the Tenant 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. The Tenant shall reimburse the Landlord for any costs it incurs related to the refinancing of the Approved Financing loans.

Tenant shall promptly pay and discharge all claims for work or labor done, supplies furnished, or services rendered at the request of Tenant and shall keep the Leased Premises free and clear of all mechanics’ and materialmen’s liens in connection therewith. If any claim of lien is filed against the Leased Premises or a stop notice is served on Landlord or other third party in connection with the construction or operation of the Improvements or any change, alteration, or addition thereto, then Tenant shall, within thirty (30) days after such filing of service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Landlord a surety bond in sufficient form and amount, or provide Landlord with other assurance reasonably satisfactory to Landlord that the claim of lien or stop notice will be paid or discharged, provided that Landlord provides written notice of such claim of lien or stop notice to Tenant promptly upon receipt by Landlord.

If Tenant 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, Landlord may (but shall be under no obligation to), after delivery of written notice to Tenant and Tenant’s failure to discharge in accordance herewith within thirty (30) days of such delivery, discharge such lien, encumbrance, charge, or claim at Tenant’s expense, and Tenant shall pay to Landlord as Additional Rent (as defined in Section 4.2) any such amounts expended by Landlord within thirty (30) days after written notice is received from Landlord of the amount expended. Alternately, Landlord may require Tenant to immediately deposit with Landlord the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. Landlord may use such deposit to satisfy any claim or lien that is adversely determined against Tenant.

Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction on the Improvements 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 Leased Premises. Landlord shall have the right to post or keep posted on the Leased Premises, or in the immediate vicinity thereof any notices of non-responsibility for any construction, alteration, or repair of the Leased Premises by Tenant. Tenant authorizes Landlord, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that Landlord deems necessary or desirable to protect its interest in the Leased Premises.

Section 3.3 Permits, Licenses and Easements.

(a) Tenant shall be responsible for obtaining any and all permits, licenses, easements, and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises and to grant or cause to be granted all permits, licenses, easements, and other governmental authorizations that are necessary or helpful for electric, telephone, gas, cable television, water, sewer, drainage, access, and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the construction or operation of the Improvements. Tenant shall be entitled, without separate payment to Landlord for tap or connection fees, to tap into the existing lines, facilities, and systems of applicable electric, gas, cable, water, sewer, sewer treatment, and other utilities serving the Leased Premises, provided Tenant remains responsible for payment of fees and costs required by the City for such services. Landlord agrees to use Landlord’s reasonable efforts to assist Tenant to obtain waiver, reduction, or deferral, as applicable, of all fees and other charges otherwise payable in connection with obtaining any permits, licenses, easements, and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises in connection with the Improvements. Tenant covenants and agrees to comply with the terms and conditions of all Applicable CC&Rs & Easements which apply to the Leased Premises and/or the Project, excluding any obligation specifically allocated to and undertaken by Landlord pursuant to the terms of a separate agreement between Landlord and Tenant.

Section 3.4 Title to Improvements.

(a) During the Term. Notwithstanding any provision in this Lease to the contrary, the Improvements and all alterations, additions, equipment, and fixtures built, made, or installed by Tenant in, on, under, or to the Leased Premises or the Improvements shall be the sole property of Tenant until the expiration of the Term or other termination of this Lease and subject to the Right of First Refusal/Purchase Option.

(b) After the Term. Upon the expiration of the Term or other termination of this Lease, the Improvements and all alterations, additions, equipment, and fixtures shall be deemed to be and shall automatically become the property of Landlord, without cost or charge to Landlord. Landlord agrees that Tenant, at any time prior to the seventy-fifth (75th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all equipment which Tenant has furnished for maintenance purposes or for the use of the Management Agent, provided that Tenant shall repair any physical damage to the Leased Premises caused by the removal of such equipment and property. Tenant agrees to execute, at the request of Landlord at the end of the Term, a quitclaim deed of the Improvements to Landlord to
be recorded at Landlord’s option and expense and any other documents that may be reasonably required by Landlord or Landlord’s title company to provide Landlord title to the Leased Premises and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by Landlord.

(c) **Mortgagee Protection.** In the event of any default by Tenant under the Lease or any Approved Financing Documents, Landlord will allow any Mortgagee to enforce its lien and security interest in Tenant's personal property located at the Leased Premises and Landlord will allow any Mortgagee to assemble and remove the Tenant’s personal property located at the Leased Premises.

**Section 3.5 Benefits of Improvements During Term.** Landlord acknowledges and agrees that any and all depreciation, amortization, and other tax attributes of ownership, including without limitation, tax credits for federal or state tax purposes relating to the Improvements located on the Leased Premises and any and all additions thereto, substitutions therefor, fixtures therein, and other property relating thereto shall be deducted or credited exclusively to Tenant as the sole owner of such Improvements during the Term and for the tax years during which the Term begins and ends.

**Section 3.6 Regulatory Agreements.**

(a) Tenant shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements as required herein. Tenant will cause all Tax Credit Units to be operated and maintained in accordance with the Tax Credit Regulatory Agreement until its expiration, and Tenant shall so operate and maintain such Tax Credit Units for the term set forth in the Tax Credit Regulatory Agreement, unless such Tax Credit Regulatory Agreement is released from the Leased Premises pursuant to a foreclosure upon a Mortgage; provided, however, (i) that in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy, or increasing rent of residential tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure, and (ii) following foreclosure or deed in lieu of foreclosure of a Mortgage, the Project shall thereafter be subject to the Post-Foreclosure Rent Restriction.

(b) Pursuant to the HUD Disposition Approval Letter, as amended, attached hereto as Exhibit C-1, relating to the Leased Premises, all of the PBV Units and all of the Tax Credit Units that are not RAD Unit or PBV Units (i.e. four (4) Tax Credit Units) shall be operated as affordable for families at or below eighty percent (80%) of the area median income for not less than (30) years following the Commencement Date (the “Section 18 Restriction”). The Section 18 Restriction is a covenant that runs with the land, and shall bind and inure to the benefit Landlord and HUD, their successors and assigns and every party now or hereafter acquiring any right title or interest in the Leased Premises or any part thereof. The Section 18 Restriction shall survive and remain in effect following foreclosure of any Mortgage. During the Section 18 Restriction period, except as permitted in the HUD Disposition Approval Letter, the Tenant (i) shall remain the lessee under this Lease and (ii) shall not convey, sublease or transfer the Leased Premises without the prior approval of the Authority and HUD.
Section 3.7 Equal Opportunity; Section 3. The Tenant, for itself and its successors and assigns, and transferees agrees that in the construction, operation and management of the Project:

(a) Tenant will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, ancestry, disability, medical condition, age, marital status, gender identity status, sex, sexual orientation, HIV status or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, or retaliation for having filed a discrimination complaint (nondiscrimination factors). The Tenant will take affirmative action to ensure that applicants are considered for employment by the Tenant without regard to the nondiscrimination factors, and that Tenant'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 Tenant agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein;

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

(c) Tenant will cause the foregoing provisions to be inserted in all contracts for the construction, operation and management of the Project entered into after the date of this Lease; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw material;

(d) Tenant will comply with the Section 3 requirements attached hereto as Exhibit E (the “Section 3 Requirements”) and shall cause the Management Agent to comply with all Section 3 and hiring requirements set forth in the Management Agreement;

(e) The Tenant shall provide to the Landlord such information and documentation as reasonably requested by the Landlord to determine compliance with the Section 3 Requirements, as applicable, during the Term of this Lease; and

(f) The Tenant agrees to include the following language in the initial Management Agreement: “Management Agent shall notify the designated person or persons at the Housing Authority of the City of Los Angeles (“HACLA”) (such initial persons being HACLA’s Director of General Services, Human Resources and HACLA’s Strategic Initiatives Department (with a copy to Asset Management)) or its designee of its need for management and/or maintenance employees for the Project at least ten (10) business days prior to advertising for the hiring of any management or maintenance employees for the Project. Within one (1) week of receipt of such notification from the Management Agent, HACLA may respond to the Management Agent in writing with referrals for any such employee positions identified by the Management Agent. Management Agent shall consider any such referrals made by HACLA in accordance herewith as it makes its hiring decisions for the management and maintenance of the Project. To that end,
Management Agent shall give referrals identified by HACLA in accordance herewith equal opportunity to interview for applicable available positions."

The Tenant shall use reasonable efforts to monitor and enforce, or shall cause its general contractor to monitor and enforce, the equal opportunity requirements imposed by this Lease. As requested, the Landlord shall provide such technical assistance necessary to implement this Section 3.7.

Section 3.8 Covenants Applicable to RAD Units.

(a) Landlord acknowledges that the RAD Units shall be benefited by the terms and conditions of any RAD HAP Contract that may be entered into. For so long as such a RAD HAP Contract or the RAD Use Agreement is in effect, with respect to the RAD Units, the RAD Requirements shall be binding upon Landlord and Tenant and each of their respective successors and assigns, including, without limitation, any entity that succeeds to Tenant’s interest in the Leased Premises by foreclosure or an instrument in lieu of foreclosure.

(b) Except as otherwise provided in the RAD Requirements or as otherwise waived, modified, or amended as applied to the Improvements, the RAD Units shall be operated pursuant to the RAD Requirements for so long as any RAD HAP Contract or RAD Use Agreement is in effect.

(c) Neither the Tenant nor any of its partners shall have any authority to: (i) take any action in violation of the RAD Use Agreement, or (ii) fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Landlord as contract administrator.

(d) If the RAD HAP Contract and any related Project subsidies are terminated or reduced, or termination or reduction is reasonably anticipated based on federal government appropriations or other changes to the RAD or Project-Based Voucher Programs, through no fault of the Tenant, the Tenant shall notify Landlord in writing immediately and the following provisions shall apply:

(i) At least sixty (60) days before the expected termination of Project subsidies, Tenant shall submit to Landlord a financial feasibility plan that proposes management measures designed to maintain the financial feasibility of the Project, which may include rent increases and Operating Expense reductions for the continued viability of the Project (the “Feasibility Plan”) and shall satisfy the following requirements:

A. At a minimum, the Feasibility Plan submitted by Tenant to Landlord shall meet the requirements of Exhibit F attached hereto. Where possible, and subject to the Approved Financing Documents and Regulatory Agreements, the Feasibility Plan shall include skewing rents higher on portions of the Residential Units in order to preserve affordability for other Residential Units regulated by the Regulatory Agreements. Any necessary rent increases shall be phased in gradually, consistent with maintaining the Project’s financial feasibility.
B. The Feasibility Plan is subject to Landlord’s review and approval, which approval shall not be unreasonably withheld or delayed. Landlord shall review and approve or disapprove a complete proposed Feasibility Plan, in writing, within twenty-one (21) days of receipt from Tenant, unless such longer period is required to obtain approval of Landlord’s Board of Commissioners. In the event, Landlord disapproves the Feasibility Plan, it shall include, with the notice of disapproval, the specific reasons for its disapproval. In the event Landlord disapproves the Feasibility Plan, the Tenant shall provide a revised Feasibility Plan within twenty-one (21) days of the notice of disapproval and the process for review and approval shall continue until such time as the Landlord approves the Feasibility Plan. If the Landlord fails to provide an approval or disapproval within the times stated above, the last Feasibility Plan submitted by Tenant shall be deemed approved.

C. In the event Landlord disapproves the third (3rd) Feasibility Plan submitted by Tenant in accordance with Section 3.8(d)(i)B, Landlord and Tenant shall enter mediation to reach agreement on a Feasibility Plan. The parties agree that the mediator shall be chosen no later than thirty (30) days after Landlord’s disapproval of such third (3rd) Feasibility Plan. If the parties cannot agree on the selection of a mediator, one shall be selected by American Arbitration Association. The fees and expenses of the mediator shall be borne equally by the parties. To the extent the parties fail to reach agreement on a Feasibility Plan through mediation, no less than thirty (30) days following the initiation of mediation, either party may commence litigation to resolve disputes arising under this Section 3.8(d)(i).

(ii) Upon the termination of the RAD HAP Contract or loss of related Project subsidy (each a “RAD Subsidy Event”), Tenant may draw from any available subsidy reserves to temporarily maintain the Project’s existing affordability.

(iii) During Tenant’s development of the Feasibility Plan and Landlord’s review of same, Landlord and Tenant shall collaborate and make commercially reasonable efforts to find alternative subsidies or financing structures, including applying for Project-Based Voucher Section 8 assistance, that would maintain the deeper income targeting contained in the Regulatory Agreements. Upon the date that is three (3) months following a RAD Subsidy Event or such efforts to find alternative subsidies or financing structures are unsuccessful in whole or in part, as reasonably agreed to by Landlord and Tenant:

A. In the event Tenant has proposed and Landlord has approved a Feasibility Plan, the Tenant may increase rents and income targeting for the RAD Units above the levels allowed by the Regulatory Agreements up to the maximum rents allowed by TCAC under its Tax Credit Regulatory Agreement, if applicable. Rents shall be raised only to the extent required in the Feasibility Plan and as permitted, if at all, by HUD.
B. In the event Tenant has proposed, but Landlord has not yet approved, a Feasibility Plan, then upon the earlier to occur of (I) the date that is three (3) months following a RAD Subsidy Event and (II) the depletion of more than 25% of any available subsidy reserves, the Tenant may increase rents as necessary to cover Operating Expenses in the then approved Operating Budget up to the limits of the Tax Credit Regulatory Agreement, or if outside of the Tax Credit Compliance period, the Post-Foreclosure Rent Restrictions, and as permitted, if at all, by HUD. Any necessary rent increases shall be phased in gradually and effective only upon turnover of the Residential Units, consistent with maintaining the Project’s financial feasibility; provided, however, if (i) the termination or reduction of Project subsidies is caused solely by act or omission of Landlord or (ii) Tenant has depleted 50% of any available subsidy reserves, the Tenant may increase rents prior to turnover of the Residential Units up to the limits of the Tax Credit Regulatory Agreement, or if outside of the Tax Credit Compliance period, the Post-Foreclosure Rent Restrictions, and as permitted, if at all, by HUD.

(iv) Notwithstanding the provisions of this Section 3.8(d), the RAD Use Agreement shall remain in full force and effect. The Tenant (or its partners) shall not be obligated to make a loan to the Project or deplete reserves as part of a Feasibility Plan, except as provided in this Section 3.8(d). Subject to the RAD Requirements, the RAD HAP Contract and applicable law, Landlord shall make best efforts to (1) mitigate the loss or reduction in subsidy at the Project by prioritizing the Project in its allocation of additional or replacement Housing Choice Vouchers, RAD subsidy, or comparable subsidy; (2) cause any unavoidable reduction in subsidy to occur gradually; and (3) coordinate with the Tenant in planning and implementing such reduction.

Section 3.9 Covenants Applicable to PBV Units.

(a) Landlord acknowledges that the PBV Units shall be benefited by the terms and conditions of any PBV HAP Contract that may be entered into. For so long as such a PBV HAP Contract is in effect, the PBV Units shall comply with all applicable HUD regulations and guidelines, including, without limitation, all applicable regulations governing Project-Based Voucher Section 8 assistance.

(b) Except as otherwise provided in the HUD Disposition Approval attached hereto as Exhibit C-1 or as otherwise waived, modified, or amended as applied to the Improvements, the PBV Units shall be operated pursuant to the Section 18 Restriction for so long as the Section 18 Restriction is in effect.

(c) If the PBV HAP Contract and any related Project subsidies are terminated or reduced, or termination or reduction is reasonably anticipated based on federal government appropriations or other changes to the Housing Choice Voucher Program, through no fault of the Tenant, the Tenant shall notify Landlord in writing immediately and the following provisions shall apply:
At least sixty (60) days before the expected termination of Project subsidies, Tenant shall submit to Landlord a Feasibility Plan and shall satisfy the following requirements:

A. At a minimum, the Feasibility Plan submitted by Tenant to Landlord shall meet the requirements of Exhibit F attached hereto. Where possible, and subject to the Approved Financing Documents and Regulatory Agreements, the Feasibility Plan shall include skewing rents higher on portions of the Residential Units in order to preserve affordability for other Residential Units regulated by the Regulatory Agreements. Any necessary rent increases shall be phased in gradually, consistent with maintaining the Project’s financial feasibility.

B. The Feasibility Plan is subject to Landlord’s review and approval, which approval shall not be unreasonably withheld or delayed. Landlord shall review and approve or disapprove a complete proposed Feasibility Plan, in writing, within twenty-one (21) days of receipt from Tenant, unless such longer period is required to obtain approval of Landlord’s Board of Commissioners. In the event, Landlord disapproves the Feasibility Plan, it shall include, with the notice of disapproval, the specific reasons for its disapproval. In the event the Landlord disapproves the Feasibility Plan, the Tenant shall provide a revised Feasibility Plan within twenty-one (21) days of the notice of disapproval and the process for review and approval shall continue until such time as the Landlord approves the Feasibility Plan. If the Landlord fails to provide an approval or disapproval within the times stated above, the last Feasibility Plan submitted by Tenant shall be deemed approved.

C. In the event Landlord disapproves the third (3rd) Feasibility Plan submitted by Tenant in accordance with Section 3.9(c)(i)B, Landlord and Tenant shall enter mediation to reach agreement on a Feasibility Plan. The parties agree that the mediator shall be chosen no later than thirty (30) days after Landlord’s disapproval of such third (3rd) Feasibility Plan. If the parties cannot agree on the selection of a mediator, one shall be selected by American Arbitration Association. The fees and expenses of the mediator shall be borne equally by the parties. To the extent the parties fail to reach agreement on a Feasibility Plan through mediation, no less than thirty (30) days following the initiation of mediation, either party may commence litigation to resolve disputes arising under this Section 3.9(c)(i).

(ii) Upon the termination of the PBV HAP Contract or loss of related Project Subsidy (each a, “PBV Subsidy Event”), Tenant may draw from any available subsidy reserves to temporarily maintain the Project’s existing affordability.

(iii) During Tenant’s development of the Feasibility Plan and Landlord’s review of same, Landlord and Tenant shall collaborate and make commercially reasonable efforts to find alternative subsidies or financing structures that would maintain
the deeper income targeting contained in the Regulatory Agreements. Upon the date that is three (3) months following a PBV Subsidy Event or such efforts to find alternative subsidies or financing structures are unsuccessful in whole or in part, as reasonably agreed to by Landlord and Tenant:

A. In the event Tenant has proposed and Landlord has approved a Feasibility Plan, the Tenant may increase rents and income targeting for the PBV Units above the levels allowed by the Regulatory Agreements up to the maximum rents allowed by TCAC under its Tax Credit Regulatory Agreement, if applicable. Rents shall be raised only to the extent required in the Feasibility Plan and as permitted, if at all, by HUD.

B. In the event Tenant has proposed, but Landlord has not yet approved, a Feasibility Plan, then upon the earlier to occur of (I) the date that is three (3) months following a PBV Subsidy Event and (II) the depletion of more than 25% of any available subsidy reserves, the Tenant may increase rents as necessary to cover Operating Expenses in the then approved Operating Budget up to the limits of the Tax Credit Regulatory Agreement, or if outside of the Tax Credit Compliance period, the Post-Foreclosure Rent Restrictions, and as permitted, if at all, by HUD. Any necessary rent increases shall be phased in gradually and effective only upon turnover of the Residential Units, consistent with maintaining the Project’s financial feasibility; provided, however, if (i) the termination or reduction of Project subsidies is caused solely by act or omission of Landlord or (ii) Tenant has depleted 50% of any available subsidy reserves, the Tenant may increase rents prior to turnover of the Residential Units up to the limits of the Tax Credit Regulatory Agreement, or if outside of the Tax Credit Compliance period, the Post-Foreclosure Rent Restrictions, and as permitted, if at all, by HUD.

(iv) Notwithstanding the provisions of this Section 3.9(c), the Tenant (or its partners) shall not be obligated to make a loan to the Project or deplete reserves as part of a Feasibility Plan, except as provided in this Section 3.9(c). Subject to the PBV HAP Contract and applicable law, Landlord shall make best efforts to (1) mitigate the loss or reduction in subsidy at the Project by prioritizing the Project in its allocation of additional or replacement Housing Choice Vouchers or comparable subsidy, (2) cause any unavoidable reduction in subsidy to occur gradually, and (3) coordinate with the Tenant in planning and implementing such reduction.

Section 3.10 State Prevailing Wages and Federal Davis Bacon and Related Acts Compliance. This development project is a public works project, as defined in Labor Code section 1720, and must be performed in accordance with the requirements of Labor Code sections 1720 to 1815, inclusive, and sections 16000 to 17270 of Title 8 of the California Code of Regulations, which govern the payment of prevailing wage rates on public works projects. The project is also subject to the federal Davis-Bacon and Related Acts (29 CFR 1 et seq., 29 CFR 3 et seq., and 29 CFR 5-7 et seq.) and all other applicable federal and state laws, regulations, policies, as amended, including those regarding discrimination, unfair labor practices, anti-kickback,
collusion, the Fair Labor Standards Act, and where triggered, the Contract Work Hours and Safety Standards Act.

(a) Public Works Compliance. Tenant shall pay and assure that all contractors and subcontractors working on the Developments pay no less than federal and state prevailing wages; and comply with all applicable reporting and recordkeeping requirements. Tenant, as an “Awarding Body”, shall also pay any and all applicable labor compliance monitoring fees.

(i) State Prevailing Wages. Tenant shall and shall cause its contractors and subcontractors to pay prevailing wages in the construction of the Development as those wages are determined pursuant to Labor Code Sections 1720 et seq. and the implementing regulations of the Department of Industrial Relations ("DIR"), to employ apprentices as required by Labor Code Sections 1777.5 et seq., and the implementing regulations of the DIR and comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., 1810-1815 and implementing regulations of the DIR.

A. All calls for bids, bidding materials and the construction documents for the Development must specify that (1) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Development unless registered with the DIR pursuant to Labor Code Section 1725.5; and (2) the Development is subject to compliance monitoring and enforcement by the Authority.

B. Tenant, as the "awarding body", shall register the Development as required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 30 days of project award or prior to the start of construction (whichever occurs first), and provide evidence of such registration to the Authority upon request and any additional registration reporting to the DIR.

C. In accordance with Labor Code Sections 1725.5 and 1771.1, Developer shall require that its contractors and subcontractors be registered with the DIR, and maintain such registration as required by the DIR.

D. Pursuant to Labor Code Section 1771.4, the Development is subject to compliance monitoring and enforcement by the DIR. Tenant shall require its contractors and subcontractors to submit payroll and other records electronically to the DIR and the Authority pursuant to Labor Code Sections 1771.4 and 1776 et seq, or in such other format as required by the DIR and the Authority.

E. Developer shall and shall cause its contractors and subcontractors to keep and retain such records as are necessary to determine if prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq., and that apprentices have been employed as required by Labor Code Section 1777.5 et seq., and shall, from time to time upon the request to provide to the Authority such records and other documentation reasonably requested by the Authority.
F. Tenant shall and shall cause its respective contractors and subcontractors to comply with all other applicable provisions of Labor Code, including without limitation, Labor Code Sections 1720 et seq., 1725.5, 1771, 1771.1, 1771.4, 1776, 1777.5 et seq., 1810-1815 and implementing regulations of the DIR in connection with construction of the Development or any other work undertaken or in connection with the Development.

G. Copies of the currently applicable current per diem prevailing wages are available from the DIR website, www.dir.ca.gov. Developer shall cause its respective contractors to post the applicable prevailing rates of per diem wages at the Phase I Site and to post job site notices, in compliance with Title 8 California Code of Regulations 16451(d) or as otherwise as required by the DIR.

H. Tenant shall indemnify, hold harmless and defend (with counsel reasonably selected by the Authority), to the extent permitted by applicable law, the Authority, its councilmembers, commissioners, officials, employees and agents, against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Tenant, or its contractors or subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., to hire apprentices in accordance with Labor Code Sections 1777.5 et seq., or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1725.5, 1771, 1771.1, 1771.4, 1776, 1777.5 et seq., 1810-1815 and the implementing regulations of the DIR in connection with the work performed pursuant to this Agreement.

Section 3.11 Payment and Performance Bonds In connection with the Improvements, Tenant shall require its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of the Improvements, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company which is licensed to do business in the State of California and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year’s Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond shall name Landlord as a co-obligee or assignee.

Section 3.12 Landlord Review Tenant shall be solely responsible for all aspects of Tenant’s conduct in connection with the Improvements, including, but not limited to, the quality and suitability of the specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by Landlord with reference to the Improvements, in accordance with the terms of this Lease, is solely for the purpose of determining whether Tenant is properly discharging its obligations to Landlord, and should not be relied upon by Tenant or by any third parties as a warranty or representation by Landlord as to the quality of the design or performance of the Improvements.

Section 3.13 Accessibility Requirements The design and the operation of the Project shall meet the program accessibility requirements of Section 504 of the Rehabilitation Act of
ARTICLE 4 RENTS

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 [Seven Million One Hundred Thousand Dollars ($7,100,000)] attributable to the fair market value of the Leased Premises, as determined in accordance with the DDA. Payment of Rent shall be made by execution of the Authority Acquisition Note.

Section 4.2 Additional Rents. In addition to the Rent specified in Section 4.1 hereof, any and all of the payments that Tenant is required to make hereunder to or for the benefit of Landlord shall be deemed to be “Additional Rents.” All such Additional Rents shall be payable in accordance with the provisions of this Lease specifying the payment of such Additional Rents, including, but not limited to, Section 4.3 herein. The Rent specified in Section 4.1 hereof and Additional Rents payable hereunder shall be deemed “Rents” reserved by Landlord, and any remedies now or hereafter given to Landlord under the laws of the State of California for collection of the Rents shall exist in favor of Landlord, in addition to any and all other remedies specified in this Lease.

Section 4.3 Payments. All Rents or other sums, if any, due Landlord hereunder shall be paid by Tenant to Landlord at the address of Landlord set forth herein for notices, or to such other person and/or at such other address as Landlord may direct.

Section 4.4 Net Lease and Assumption of Risk. This Lease is intended to be, and shall be, construed as an absolute net lease, whereby under all circumstances and conditions (whether now or hereafter existing or within the contemplation of the Parties), the Rents provided for herein shall be absolutely net to Landlord over and above all costs, expenses, and charges of every kind or nature whatsoever related to the Leased Premises, including, without limitation, taxes, utility costs, insurance premiums, operating expenses, costs of repairs, maintenance, restorations, and replacements of the Project, except as may otherwise be expressly set forth herein.

Section 4.5 Financial Statements. Tenant shall provide to Landlord annual and quarterly financial statements.

(a) Within one hundred twenty (120) days after the end of each calendar year but in no event later than April 1 of each year, Tenant shall prepare and deliver to Landlord a statement (the “Annual Statement”), in form and containing such details as are reasonably satisfactory to Landlord, showing the total amount of Net Cash Flow received during such calendar year, itemizing all revenues and expenditures used to compute Net Cash Flow, and specifying the total

1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, the Americans with Disabilities Act, and the Fair Housing Act and their implementing regulations. In addition, the Tenant shall ensure that the percentage of accessible dwelling units complies with the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8, subpart C or any applicable successor regulation.
amount of the annual Net Cash Flow payment due pursuant to the terms of the Authority Acquisition Note, if any. Tenant shall make any required Net Cash Flow payment to Landlord on the date that it delivers the Annual Statement to Landlord. Concurrent with delivery of each Annual Statement, Tenant shall also deliver to Landlord the audited financial statements of Tenant, as of the end of the prior year, with the report of Tenant’s accountants thereon stating that the audit of such financial statements has been made in accordance with generally accepted audit standards.

(b) Within twenty-one (21) days after the end of each calendar quarter, Tenant shall prepare and deliver to Landlord a statement (the “Quarterly Statement”), in form and containing such details as are reasonably satisfactory to Landlord. At a minimum each Quarterly Statement for the Project shall include: (i) an income statement, (ii) a balance sheet, and (iii) rent rolls.

Section 4.6 Operating Budget. Not less than thirty (30) days prior to the completion of the Improvements, and not less than annually thereafter on or before November 1 of each year, Tenant shall submit to Landlord on not less than an annual basis an Operating Budget for the Project, which budget shall be subject to the written approval of Landlord’s president/chief executive officer or his designee (the “Executive Officer”), which approval shall not be unreasonably withheld, conditioned, or delayed. The proposed Operating Budget shall include a description of anticipated repairs and capital replacements to be undertaken during such year. The Executive Officer’s discretion in review and approval of each proposed Operating Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: extent, type, and amount for social services at or associated with the Project; existing balance(s) in and proposed deposits to any reserve accounts to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits and reasonableness and conformity to prevailing market rates in Los Angeles County. Expressly excluded from Landlord’s review under this section 4.6 are Investor’s Asset Management Fee and partnership management fees payable to the Managing General Partner and Administrative General Partner (each as defined in the Partnership Agreement). Landlord shall respond promptly, but in any event on or before December 1 of each year, to Tenant’s request for approval of its Operating Budget. If Landlord fails to respond in any form to Tenant’s request for approval of its Operating Budget on or before December 1, then Tenant may consider the Operating Budget approved (the “Default Approval”). In the event Default Approval does not apply and Landlord and Tenant fail to reach agreement on an Operating Budget by the beginning of the fiscal year, the Operating Budget of the previous fiscal year shall apply to the Project without any increase or change. Changes to the Operating Budget over five percent (5%) during the year must be approved by the Landlord during any period during which an affiliate of Landlord is not a general partner of the Tenant.

ARTICLE 5 TAXES AND OTHER IMPOSITIONS; UTILITIES

Section 5.1 Payment of Impositions. Prior to delinquency, Tenant will pay or cause to be paid all of the Impositions, except that if any Imposition that Tenant is obligated to pay in whole or in part is permitted by law to be paid in installments, Tenant may pay or cause to be paid such Imposition (or its proportionate part thereof) in installments prior to delinquency.

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Upon the written request of Landlord, Tenant shall exhibit and deliver to Landlord evidence satisfactory to Landlord of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, tax, or Lease Year, as applicable, shall be ratably adjusted on a per diem basis between Landlord and Tenant in accordance with the respective portions of such calendar, fiscal, tax, assessment, or Lease Year during the Term. If any special assessments are payable in installments, Tenant shall pay only those installments that are due and for which the delinquency date occurs during the Term for periods occurring during the Term. The Parties acknowledge that Tenant intends to apply for an exemption for ad valorem taxes under Section 214(g) of the California Revenue and Taxation Code. Nothing in this Section 5.1 shall prohibit the Tenant from depositing such Imposition payments into an escrow account maintained by the First Mortgagee for the purposes of paying such Impositions.

Section 5.2 Contested Taxes and Other Impositions. Tenant, at its sole cost and expense, in its own name or in the name of Landlord and subject to the consent of any Mortgagee (if required), may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises, in which event the payment thereof may be deferred during the pendency of such contest, if diligently prosecuted.

(a) As may be necessary or desirable, Landlord or Tenant, as applicable, upon the request of the other Party, shall use its best reasonable efforts to assist in any such proceeding to contest the validity or amount of any Imposition.

(b) Nothing contained in this Section 5.2, however, shall be construed to allow any such contested Imposition to remain unpaid for a length of time which shall permit the Leased Premises, or any part thereof, to be sold by any Governmental Authorities for the nonpayment of such Imposition. Tenant shall promptly furnish Landlord copies of all notices, appeals, pleadings, motions, and orders in any proceedings commenced with respect to such contested Imposition. During such contest, Tenant shall (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of tax sale, any foreclosure of, or any divesting thereby of Landlord’s title, reversion, or other interest in or to the Leased Premises and the Improvements.

Section 5.3 Valuation Assessment. If applicable, Tenant, at its expense, may attempt to obtain a lowering of the assessed valuation of the Leased Premises for any year for the purpose of reducing taxes thereon.

Section 5.4 Failure to Pay Impositions. If Tenant fails to pay any Impositions before the same become delinquent, or as otherwise required pursuant to Section 5.1 hereof, Landlord, at its election, may pay such Impositions (but shall not be obligated to pay same), together with any interest and penalties due thereon, and the amount so paid by Landlord shall be repayable to Landlord by Tenant within forty-five (45) days after Landlord’s demand therefor.

Section 5.5 Utilities. Tenant shall pay all utilities used, rendered, or supplied upon or in connection with the Improvements and the construction thereof including, but not limited to, all charges for gas, electricity, light, heat, or power, all telephone and other communications
services, all water rents and sewer service charges, and all sanitation fees or charges levied or charged against the Leased Premises during the Term; provided, however, that Tenant shall have no responsibility hereunder for the payment of utilities supplied by the respective providers directly to residential tenants for such residential tenant’s use in connection with the occupancy of their respective Residential Units. Landlord shall have no responsibility for the payment of utility costs.

ARTICLE 6 INSURANCE

Section 6.1 Tenant’s Insurance. During the Term, Tenant shall keep and maintain in force, at no cost or expense to Landlord, the following insurance, all of which shall be provided by companies and/or agencies authorized to do business in the State of California; provided, however, that in the event of conflict between the following requirements and the requirements in the Approved Financing Documents, the stricter requirements shall control:

(a) Leased Premises Insurance. Property insurance covering all risks of direct physical loss or damage to the Improvements not scheduled to be demolished, with limits of not less than one hundred percent (100%) of the “full replacement value” thereof, which insurance shall be provided by Tenant upon Closing. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief, and storm. Perils customarily excluded from all risk insurance, e.g., earthquake and flood, may be excluded. The term “full replacement value” shall exclude the cost of excavation, foundations, and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more than once every five (5) years after construction during the Term, if requested in writing by Landlord.

(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 Lease, 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.

(c) Workers’ Compensation Insurance. Tenant 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 Tenant in connection with the Improvements and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Landlord or Tenant.
(d) Builders’ Risk Insurance. As of Closing, during the course of any construction, alteration, or reconstruction of the Improvements, the cost for which exceed the capacity of Tenant’s permanent/operating property insurance carrier, then Tenant shall provide builders’ risk insurance for not less than the value of the construction contract, combined single limit for bodily injury or property damage insuring the interests of Landlord, Tenant, and any contractors and subcontractors.

Section 6.2 General Requirements. All policies described in Section 6.1 shall include Landlord and Tenant, together with Mortgagees, as their respective interests may appear. All policies described in Section 6.1 shall contain: (a) the agreement of the insurer to give Landlord and Mortgagees, as applicable, at least thirty (30) days’ notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies, however if such notice cannot be provided by the carrier, then responsibility of such notice shall be borne by the Tenant; (b) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Landlord; (c) a waiver by the insurer of all rights of subrogation against Landlord and its authorized parties in connection with any loss or damage thereby insured against; and (d) terms providing that any loss covered by such insurance may be adjusted with Landlord and Tenant according to their interests in the Leased Premises, but shall, to the extent required by the loan documents of a Mortgage, be payable to the holder of a Mortgage, who shall agree to receive and disburse all proceeds of such insurance, subject to the duty of Tenant to repair or restore, as set forth in Sections 12.1 and 12.2 hereof.

Section 6.3 Evidence of Insurance. Certificates of insurance for all insurance required to be maintained by Tenant prior to Closing under this Article 6 shall be furnished by Tenant to Landlord on or before the date of this Lease. Landlord reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by this Lease at any time.

Section 6.4 Failure to Maintain. If Tenant fails to maintain such insurance, Landlord, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Tenant agrees to repay to Landlord as Additional Rent the cost of such insurance. Landlord shall provide at least three (3) days’ notice and opportunity to cure to Tenant before procuring any required insurance; provided, however, if such cure period would create a potential lapse in any insurance coverage, Landlord shall have no such notice obligation.

Section 6.5 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:- VII or such other rating as may be reasonably acceptable to Landlord.

ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

Section 7.1 Maintenance of Leased Premises. During the Term at Tenant’s sole cost and expense, Tenant shall keep and maintain the Leased Premises, all Improvements, and all appurtenances thereunto belonging, in good and safe order, condition, and repair. In addition, all
maintenance and repair of the Residential Units shall conform and comply with the Legal Requirements affecting the Leased Premises.

Section 7.2 Alterations to Leased Premises. Following construction of the Improvements, Tenant may make any additions, alterations, or changes (sometimes collectively referred to herein as “Alterations”) in or to the Improvements subject, however, to the following conditions:

(a) No Alterations shall be made that are likely to materially impair the structural soundness of the Improvements;

(b) No Alterations of the Leased Premises shall be undertaken (other than in emergency situations or as required by Governmental Authorities having jurisdiction) which have a cost greater than Two Hundred Fifty Thousand Dollars ($250,000.00) that would materially affect the design of the Improvements, or demolition of any portion thereof, without first presenting to Landlord complete plans and specifications therefor and obtaining Landlord’s written consent thereto (which consent shall be given so long as, in Landlord’s judgment, such Alterations will not violate the Legal Requirements, this Lease, the Regulatory Agreements, or impair the value of the Improvements);

(c) No Alterations shall be undertaken until Tenant shall have procured, to the extent the same may be required from time to time, all permits and authorizations of all applicable Governmental Authorities, all required consents of Mortgagee, and the consent of Landlord if required pursuant to subsection (b), above, if applicable. Landlord shall join in the application for such permits or authorizations whenever such action is necessary or helpful and is requested by Tenant, and shall use Landlord’s reasonable best efforts to obtain such permits or authorizations; and

(d) Any Alterations shall be performed in a good and worker-like manner and in compliance with the Legal Requirements, Regulatory Agreements, all applicable RAD Requirements, and all applicable Insurance Requirements.

Section 7.3 Indemnifications. Notwithstanding any other provision of this Lease to the contrary, Tenant shall defend, indemnify and hold harmless Landlord and its commissioners, its officer(s), employee(s), agent(s), contractor(s), and director(s) (including directors or employees of any Landlord instrumentalities 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 Tenant, its agent(s), contractor(s), servant(s), or employee(s) which constitutes a breach of the Tenant’s obligations under this Lease. If any third-party performing work for the Tenant on the Project shall assert any claim against the Landlord on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of the Tenant, its agent(s), servant(s), employee(s) or contractor(s) (including, without limitation, its general contractor), the Tenant shall defend at its own expense any suit based upon such claim; and if any such judgment or claim against the Landlord shall be allowed, the Tenant shall pay or satisfy such judgment or claim and pay all reasonable costs and expenses in connection therewith including reasonable attorneys’ fees.
In addition, if any contractor or subcontractor which performed preconstruction work or any construction work for Tenant or Tenant’s affiliates on the Improvements shall assert any claim against Landlord on account of any damage alleged to have been caused by reason of acts of negligence of Tenant or Tenant’s affiliates, their members, partners, officers, directors, affiliates, agents, or employees, or their construction contractors, Tenant shall defend at its own expense any suit based upon such claim; and if any such judgment or claim against Landlord shall be allowed, Tenant shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith.

The obligations, indemnities, and liabilities of the Tenant under this Section 7.3 shall not extend to any liability caused by the negligence or misconduct of HUD, Landlord, or their employee(s), contractor(s), or agent(s). The Tenant’s liability shall not be limited by any provisions or limits of insurance set forth in this Lease. This indemnity shall survive the termination of this Lease.

Section 7.4 Management. Tenant shall at all times use its best efforts to keep the Leased Premises fully leased, in good condition and repair and in accordance with this Lease. Tenant shall: (a) carefully and efficiently operate, lease, and manage the Leased Premises; (b) maintain separate books and records for the Leased Premises; (c) timely collect all rents, and pay and discharge all costs, expenses, liabilities, and obligations of or relating to the Leased Premises; (d) use commercially reasonable efforts to operate and maintain the Leased Premises substantially in accordance with the Operating Budget approved by Landlord pursuant to Section 4.6; (e) maintain such reserves as may be required by the Mortgagee; and (f) timely furnish Landlord with accounting documents and other information regarding the Project and the operation thereof as may be reasonably required by Landlord.

Section 7.5 Delegation of Management Duties. The Leased Premises shall be managed by the Management Agent approved by Landlord. Each management contract relating to the Leased Premises shall (a) be subject to the Landlord’s approval, (b) provide that it may be terminated by Landlord at any time after the termination of this Lease upon thirty (30) days’ notice to the Management Agent and (c) allow Tenant to terminate the management contract following Management Agent’s failure to materially comply with the management, leasing, and occupancy requirements of Sections 7.4, 7.5 and 7.6 of this Lease. If Landlord determines that the Management Agent has failed to materially comply with the management, leasing, and occupancy requirements of Sections 7.4, 7.5 and 7.6 of this Lease, Landlord shall notify Tenant. Tenant shall then have sixty (60) days beyond the cure periods in the management contract to cause the Management Agent to correct the non-compliance. If, following such sixty (60) day period, Management Agent has not corrected the non-compliance and Tenant has not terminated the management contract then, Landlord shall have the right, subject to any applicable Mortgagee or Investor approvals, to remove Management Agent. All service and supply contracts shall also by their terms be terminable by Landlord at any time after the termination of this Lease upon thirty (30) days’ notice. Tenant shall not enter into any commercially unreasonable contract for services or supplies. Landlord’s approval of any management agent shall not be construed as a representation, endorsement, or warranty by Landlord as to the reputation, ability, or qualifications of the same. In addition, the Landlord expressly reserves the
right to approve the fees and/or compensation of the Management Agent. As of the date hereof, Landlord has approved the initial Management Agent, the initial Management Agreement, and the initial management fee.

Section 7.6 Management and Operation of the Residential Units.

(a) Tenant shall be responsible, at its sole cost and expense, for the repair and maintenance of the Residential Units in full compliance with this Lease and all Legal Requirements (including, without limitation, any applicable HUD regulations and guidelines applicable to the RAD Units and the PBV Units), and for paying all costs relating to such Residential Units (including, without limitation, taxes, insurance, and any homeowner’s association fees or special assessments). Landlord shall have the right to inspect, monitor, and audit the operations of Tenant (including, but not limited to, evaluating housing quality standards and the tenant selection process) with respect to the operation and maintenance of the Residential Units in its capacity as contract administrator for HUD of any PBV HAP Contract or RAD HAP Contract, and Tenant shall cooperate fully with respect to such activities by Landlord (including, without limitation, providing Landlord with such information regarding the operation and maintenance of the Residential Units as may reasonably be requested by Landlord).

(b) Tenant and Landlord shall comply with the provisions of Exhibit G hereto, the Property Management and Re-Occupancy Plan, which requires: (i) Tenant to rent all vacant RAD Units and PBV Units to eligible families referred and approved by Landlord; (ii) Landlord and Tenant to determine tenant eligibility in accordance with any applicable HUD regulations and guidelines; and (iii) the Parties to cooperate in good faith with respect to the lease-up process to ensure, among other matters that lease-up and occupancy occurs in a timely manner and complies with the requirements of Approved Financing and the Regulatory Agreements.

(c) Subject to the RAD Requirements applicable to Resident(s) of the RAD Units and PBV Units, Landlord and Tenant agree that the Tax Credit Units developed on the Leased Premises must be rented to Resident(s) who meet the eligibility requirements of TCAC, California Debt Limit Allocation Committee (“CDLAC”), and HCD (to the extent restricted by HCD), and the Investor and other Project lenders in connection with their Regulatory Agreements and Approved Financing Documents. Landlord shall only refer to Tenant those Resident(s) who meet the requirements of TCAC, CDLAC, HCD, the Section 18 Restriction, and the RAD Requirements, as applicable. The referral process shall be detailed in the Property Management and Re-Occupancy Plan and Landlord shall countersign the Property Management and Re-Occupancy Plan to ensure Landlord's compliance with its obligations thereunder. Tenant shall provide all Resident(s) tenant protections provided at Exhibit C and all occupants of the Residential Units supportive services as provided in the Supportive Services Plan at Exhibit H.

Section 7.7 Certain Limitation on Work. Tenant shall not do or knowingly permit any work which would adversely and materially affect the value, rentability, or rental value of the Leased Premises, and Tenant shall not, without the prior written consent of Landlord, demolish or remove, or cause, knowingly suffer, or knowingly permit the demolition or removal of, the Project other than such demolition and/or removal as may be permitted following any event described in Articles 11 and 12 hereof.
Section 7.8  **Alterations Required by Law.** Without limitation on the other provisions of this Lease, if any work shall be required with respect to the Leased Premises or any part thereof by any present or future laws, ordinances, or regulations, the same shall be done by and the cost thereof borne by Tenant.

Section 7.9  **Landlord Completion of Work.** To the extent Tenant is required to complete work pursuant to any Legal Requirement and fails to do so, upon the expiration of sixty (60) days written notice from Landlord to Tenant, or such longer period as is reasonably necessary to complete such work given the circumstances, Landlord shall have the right to complete such work and Tenant shall reimburse Landlord for all reasonable expenses incurred in connection therewith.

**ARTICLE 8  MORTGAGE LOANS**

Section 8.1  **Loan Obligations.** Nothing contained in this Lease shall relieve the Tenant of its obligations and responsibilities under any Approved Financing or Approved Financing Documents to operate the Project as set forth therein.

Section 8.2  **Liens and Encumbrances Against Tenant’s Interest in the Leasehold Estate.** Tenant shall have the right to encumber the leasehold estate created by this Lease and the Improvements with the Regulatory Agreements and all other liens and restrictive covenants related to the Approved Financing. Except as otherwise provided in this Lease, Tenant shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property other than a lien for current taxes, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property or the Improvements, except with the prior written consent of the Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and as otherwise permitted under this Lease. The Tenant shall notify the Landlord in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Improvements, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of the Tenant or otherwise.

Section 8.3  **Cost of Loans to be Paid by Tenant.** The Tenant affirms that, except as otherwise provided in the documents evidencing financing to the Project provided by Landlord, it shall bear all of the costs and expenses in connection with (i) the preparation and securing of the Approved Financing, (ii) the delivery of any instruments and documents and their filing and recording, if required, and (iii) all taxes and charges payable in connection with the Approved Financing.

Section 8.4  **Proceeds of Loans.** It is expressly understood and agreed that all Approved Financing proceeds shall be paid to and become the property of Tenant, and that the Landlord shall have no right to receive any such Approved Financing proceeds.

Section 8.5  **No Subordination of Fee Interest.** Subject to the rights of HCD, the Landlord will not approve any subordination of its fee interest in any portion of the Property to
the interests of any lender or other entity providing financing for the Project. Landlord agrees to execute lease riders that may be required by HCD or TCAC in connection with the Approved Financing; provided, however, that any required lease riders are consistent with this Lease and approved by Landlord and HUD, as applicable.

Section 8.6 Notice and Right to Cure Defaults Under Loans. The Landlord may record in the Official Records a request for notice of any default under the Approved Financing Documents or other financing secured by the Project. In the event of default by the Tenant under the Approved Financing Documents or other financing secured by the Project, the Landlord shall have the right, but not the obligation, to cure the default within the cure periods available to the Tenant and its partners. Any payments made by the Landlord to cure a default shall be treated as Additional Rent due from the Tenant and shall be paid to Landlord within thirty (30) days following the date on which the payment was made by the Landlord.

ARTICLE 9 PERMITTED MORTGAGES AND INVESTOR RIGHTS

Section 9.1 Right to Encumber. Tenant shall have the right during the Term to encumber, through one or more Mortgages, Regulatory Agreements, or declaration of covenants, all of Tenant’s right, title, and interest in the Leased Premises, subject to the provisions of this Lease and with prior written Landlord and HUD approval, if required. Landlord hereby approves all Mortgages and Regulatory Agreement contemplated by the Approved Financing Documents, except any Approved Financing Documents not executed as of substantially even date herewith. Except as expressly set forth in this Lease, Landlord shall not encumber its fee interest in the Leased Premises.

Section 9.2 Notice to Mortgagee. During any period in which a Mortgage is in place, Landlord shall give any such Mortgagee of which Landlord has received notice from Tenant a duplicate copy of all notices of default or other notices that Landlord may give to or serve in writing upon Tenant pursuant to the terms of this Lease and all such duplicate copies of notices of default and other notices shall be distributed simultaneously to both Tenant and Mortgagee. No notice by Landlord to Tenant under this Lease shall be effective unless and until a copy of such notice has been delivered to each Mortgagee of which Landlord has received notice from Tenant. Additionally, Landlord shall give Mortgagee written notice of any rejection of this Lease in bankruptcy proceedings. Landlord shall not serve a notice of cancellation or termination upon Tenant unless a copy of any prior notice of default shall have been given to Mortgagee and the time for curing such default pursuant to Section 9.3 below shall have expired without the same having been cured, and no such notice of default shall be effective as to such Mortgagee not receiving actual notice thereof. Landlord further agrees that it shall notify Mortgagee in writing of the failure of Tenant to cure a default within any applicable grace period under this Lease and of the curing of any default by Tenant under this Lease, and Mortgagee shall have the additional cure periods pursuant to Section 9.4 below. The performance by Mortgagee of any condition or agreement on part of Tenant to be performed hereunder will be deemed to have been performed with the same force and effect as though performed by Tenant. The address of Mortgagee originally designated in a Mortgage may be changed upon written notice delivered to Landlord in the manner specified in Section 18.12 herein. Landlord's failure to give any such notice to any such Mortgagee shall not constitute a default under Section 13.4.
Section 9.3  **Right of Mortgagee to Cure.** Notwithstanding any default by Tenant under this Lease, Landlord shall have no right to terminate or cancel this Lease unless Landlord shall have given each Mortgagee written notice of such default pursuant to Section 9.2 of this Lease and such Mortgagees have failed to remedy such default or acquire Tenant’s leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by, this Section.

Any Mortgagee which has an outstanding Mortgage shall have the right, but not the obligation, at any time to pay any or all of the Rents due pursuant to the terms of this Lease, and do any other act or thing required of Tenant by the terms of this Lease, to prevent termination of this Lease. After receipt of notice from Landlord that Tenant has failed to cure such default within the period specified in this Lease, Mortgagee shall have ninety (90) days from the receipt of such notice to cure such default. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by Tenant instead of by Mortgagee. However, in order to prevent termination of this Lease, a Mortgagee shall not be required to cure: (i) default on obligations of Tenant to satisfy or otherwise discharge any lien, charge, or encumbrance against Tenant’s interest in this Lease caused by a wrongful act or omission of Tenant; or (ii) defaults on obligations of Tenant under any indemnity provision in this Lease arising from acts or omissions of Tenant; or (iii) other past monetary obligations then in default other than the payment of Annual Rent; or (iv) any default resulting from the acts or omissions of Landlord (“Excluded Defaults”). For purposes of clarification and illustration, it is the intention of the Parties hereto that Excluded Defaults shall include (but not as an exclusive list) claims, damages, liability, and expenses, including personal injury and property damage arising or alleged to be arising from actions or inactions of Tenant such as failure to pay insurance premiums, allowing dangerous conditions to exist at the Leased Premises or failure to operate the Leased Premises in accordance with regulatory restrictions. If the default by Tenant is of such nature that it cannot practicably be cured without possession of the Leased Premises, then the ninety (90)-day period set forth above shall be extended for so long as a Mortgagee shall be proceeding with reasonable diligence to foreclose on Tenant’s interest or otherwise obtain possession of the Leased Premises for itself or a receiver and such cure period shall commence upon the date that Mortgagee obtains possession.

Prior to the expiration of the cure rights of Mortgagees, Landlord shall not effect or cause any purported termination of this Lease nor take any action to deny Tenant possession, occupancy, or quiet enjoyment of the Leased Premises or any part thereof.

Without limiting the rights of Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Mortgagee shall have the right, but not the obligation, at any time prior to termination of this Lease to pay all of the Rents due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants, and conditions hereof to prevent termination of this Lease. Any Mortgagee and its agents and contractors shall have full access to the Leased Premises for purposes of accomplishing any of the foregoing. Any of the foregoing done by any
Mortgagee shall be as effective to prevent a termination of this Lease as the same would have been if done by Tenant.

Any default under this Lease which by its nature cannot be remedied by any Mortgagee shall be deemed to be remedied if (i) within ninety (90) days after receiving written notice from Landlord that Tenant has failed to cure such default within the period specified in this Lease, or prior thereto, any Mortgagee shall have acquired Tenant’s leasehold estate or commenced foreclosure or other appropriate proceedings or other remedies available to such Mortgagee under the applicable Mortgage, (ii) Mortgagee shall diligently prosecute any such proceedings or remedies referenced in subsection (i) above to completion, and (iii) Mortgagee shall have fully cured any default in the payment of any monetary obligations of Tenant hereunder which does not require possession of the Leased Premises.

If any Mortgagee is prohibited, stayed, or enjoined by any bankruptcy, insolvency, or other judicial proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that any Mortgagee shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease (other than Excluded Defaults) and shall continue to pay currently such monetary obligations when the same fall due; provided, further, that such Mortgagee shall not interfere with Landlord’s efforts to seek compliance by Tenant with any non-monetary obligation under this Lease.

Section 9.4 Additional Rights of Mortgagee.

(a) Landlord agrees that, without the prior written consent of Mortgagee (which consent shall not be unreasonably withheld, conditioned or delayed), Landlord shall have no right to (A) enter into any agreement amending, modifying, or waiving any material provision of, or terminating this Lease (except as otherwise provided herein), or (B) cancel or terminate or agree to or accept a cancellation, termination or surrender of this Lease (except in the event of default by Tenant and provided Mortgagee shall have been provided with written notice and opportunity to cure such default as set forth in Section 9.3 above). Any actions described under this Section 9.4(a) taken by Landlord without Mortgagee’s prior written consent shall be voidable by Mortgagee.

(b) Tenant may delegate irrevocably to Mortgagee the authority to exercise any or all of Tenant’s rights hereunder, including, but not limited to the right of Mortgagee to participate (in conjunction with or to the exclusion of Tenant) in any proceeding, arbitration or settlement involving condemnation or eminent domain affecting Tenant’s leasehold interest in the Leased Premises, but no such delegation shall be binding upon Landlord unless and until either Tenant or Mortgagee in question shall give to Landlord a true copy of a written instrument effecting such delegation, in form required for recording. Any provision of this Lease that gives Mortgagee the privilege of exercising a particular right of Tenant hereunder on condition that Tenant shall have failed to exercise such right shall not be deemed to diminish any privilege that Mortgagee may have, by virtue of a delegation of authority from Tenant, to exercise such right without regard to whether or not Tenant shall have failed to exercise such right.
(c) Each Mortgagee shall be a third party beneficiary of the rights and benefits granted to Mortgagees under this Lease. Neither the Tenant nor the Landlord shall be deemed to be a third party beneficiary of the rights granted hereunder to a Mortgagee and no Mortgagee shall have any obligation to the Tenant or the Landlord to account for any decision, action or election it may take or the exercise of its rights hereunder, nor shall any Mortgagee have any duty to the Tenant or the Landlord to exercise any right hereunder in any particular manner or order, other than that which such Mortgagee, in its sole discretion (but in any event subject to the terms of this Lease) shall deem appropriate and in its own best interests.

Section 9.5 Limitation on Liability of Mortgagee. No Mortgagee shall be or become liable to Landlord as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Landlord and Mortgagee such liability (in which event the Mortgagee’s liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Mortgage or other instrument or from a conveyance from Tenant pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Tenant under the terms of this Lease.

Section 9.6 Estoppel Certificates. Landlord and Tenant agree that at any time and from time to time upon not less than twenty (20) days’ prior written notice by the other Party, or upon request from any Mortgagee or Investor or a permitted assignee or other interested party, Landlord or Tenant will execute, acknowledge, and deliver to the other Party or to such Mortgagee or Investor a statement in writing certifying: (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default (or any conditions existing which, but for the passage of time or the giving of notice, would constitute a default), set-off, defense, or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of this Lease. In addition to clauses (a) through (c) above, if a Mortgagee requires such a statement in writing from Landlord, Landlord, in its statement, shall (x) confirm that Landlord consents to the Mortgage in question; (y) identify all of the relevant documents that evidence this Lease; and (z) provide any other statements or provisions reasonably requested by Mortgagee. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant, or any Mortgagee or Investor, as the case may be, in this Lease or by any prospective Mortgagee or Investor or permitted assignee of any Mortgage or Investor.

Section 9.7 Registration of Mortgages. Tenant shall, from time to time upon written request by Landlord, provide written notice to Landlord of the name and address of each Mortgagee under this Lease. For purposes of this Lease, the First Mortgagee is a Mortgagee and all references to Mortgagee shall refer to and include (i) the First Mortgagee, together with its successors and assigns including a successor who acquires the First Mortgagee’s interests as a result of foreclosure or acceptance of a deed in lieu of foreclosure and (ii) a holder of any Mortgage. Any Mortgagee or designee thereof that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or non-judicial foreclosure sale, deed, or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part obligations secured by any Mortgage, and the
successors and assigns of any such Mortgagee, is referred to as a “Transferee.” Each Mortgagee and Transferee is an intended beneficiary of the terms of this Lease.

Section 9.8 New Lease. Notwithstanding the provisions of Sections 10 and 11 hereof, in the event of the termination or cancellation of this Lease prior to the natural expiration of the Term of this Lease due to a default of Tenant or operation of law or otherwise (including, without limitation, the bankruptcy filing of Tenant or the commencement of an insolvency proceeding or similar proceeding, an act of condemnation or eminent domain against a portion of the Leased Premises by a government agency or body, the destruction or damage of the Leased Premises, or a change in the control or management of Tenant), Landlord shall also be obligated to give notice to Mortgagee simultaneously with such notice given to Tenant and shall include in the notice a statement of all sums which would be due under this Lease at the time of termination and all other defaults of Tenant existing at such time. No such notice to Tenant shall be effective with respect to termination or cancellation of this Lease unless Mortgagee shall also have been so notified. Landlord, upon written request from any Mortgagee within sixty (60) days of receiving such notice of termination or cancellation, shall enter into a new lease with the Mortgagee having a lien with the most senior priority or its designee in accordance with and upon the same terms and conditions as set forth herein and with the same relative priority in time and in right as this Lease (to the extent possible) and having the benefit of and vesting in Mortgagee, or its designee, of all the rights, title, interest, powers, and privileges of Tenant hereunder (the “New Lease”). In this regard, in the event of the filing of a petition in bankruptcy by Tenant, and Tenant rejects this Lease under the then applicable provisions of the United States Bankruptcy Code, U.S.C. Title 11, (the “Bankruptcy Code”), Landlord shall, upon the request of a Mortgagee within the time period specified above, affirm this Lease, and Landlord will enter into a New Lease immediately upon Tenant’s rejection of this Lease. In the event of the filing of a petition in bankruptcy by Landlord, and Landlord rejects this Lease and Tenant does not affirm it, a Mortgagee will have, within a reasonable amount of time, the authority to affirm this Lease on behalf of Tenant and to keep this Lease in full force and effect. Nothing in this Section or this Lease shall be construed to imply that this Lease may be terminated by reason of rejection in any bankruptcy proceeding of Tenant. The Parties intend, for the protection of Mortgagees, that any such rejection shall not cause a termination of this Lease. Notwithstanding anything to the contrary contained herein, no termination of this Lease shall become effective until, and the lien of each Mortgage on the Leased Premises shall remain effective until, either a New Lease has been made pursuant to this Section 9.7 of this Lease or no Mortgagee has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 60-day period as set forth above. Upon entering into a New Lease, such Mortgagee or its affiliated designee shall cure any monetary default by Tenant hereunder, except Excluded Defaults.

After cancellation and termination of this Lease and upon compliance with the provisions of this Section 9.7 by Mortgagee, or its designee, within such time, Landlord shall thereupon execute and deliver such New Lease to such Mortgagee or its designee, having the same relative priority in time and right as this Lease (to the extent possible) and having the benefit of all the right, title, interest, powers, and privileges of Tenant hereunder in and to the Leased Premises (other than with respect to Excluded Defaults) and Landlord and the new Tenant shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest, or obligations.
Upon the execution and delivery of the New Lease, title to all Improvements on the Leased Premises shall automatically vest in the Mortgagor or the designee until the expiration or earlier termination of the term of the New Lease.

If Landlord shall, without termination of the Lease, evict Tenant, or if Tenant shall abandon the Leased Premises, then any reletting thereof shall be subject to the liens and rights of Mortgagees, and in any event Landlord shall not relet the Leased Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days’ advance written notice to all Mortgagees of the intended reletting and the terms thereof, and if any Mortgagee shall, within thirty (30) days of receipt of such notice, give notice to Landlord of such Mortgagee’s intent to pursue proceedings to foreclose on the Leased Premises or otherwise cause the transfer thereof, then so long as the Mortgagee shall diligently pursue such proceedings Landlord shall not proceed with such reletting without the written consent of such Mortgagee.

Nothing herein contained shall require any Mortgagee to accept a New Lease.

No Mortgagee shall be liable to Landlord unless it expressly assumes such liability in writing. In the event any Mortgagee or other transferee becomes the “Tenant” under this Lease or under any New Lease obtained pursuant to this Article, Mortgagee or other transferee shall not be liable for the obligations of Tenant under this Lease that do not accrue during the period of time that the Mortgagee or such other transferee, as the case may be, remains the actual Tenant under this Lease or the New Lease, holding record title to the leasehold interest thereunder, other than the requirement that the Mortgagee cure any monetary defaults (except Excluded Defaults) by Tenant upon entering into a New Lease. In no event shall any Mortgagee or other transferee be: (i) liable for the erection, completion, or restoration of any improvements unless erection, completion, or restoration of any improvements is required as a result of the acts or omissions of the Mortgagee following the date of its acquisition of Tenant’s interest in the Leased Premises; (ii) liable for any condition of the Leased Premises that existed prior to the date of its acquisition of Tenant’s interest in the Leased Premises, or for any damage, loss, or injury caused by such preexisting condition, or for the correction thereof or the compliance with any law related thereto; (iii) bound by any amendment of this Lease made without the prior written consent of the Mortgagee; or (iv) liable for any act or omission of any prior “Tenant” of any portion of the Leased Premises (including Tenant). Any liability of any Mortgagee or other transferee shall be limited to its interests in the leasehold and the Leased Premises, and shall be enforceable solely against those interests.

The Investor, for so long as Investor is a limited partner of Tenant, shall have all of the same rights as a Mortgagee under this Section 9.7; provided, however, that in lieu of foreclosure, Investor shall be attempting with diligence and in good faith to remove one or both general partners of Tenant in accordance with the Tenant’s Partnership Agreement.

Section 9.9 Rights of Investor. Investor shall have the same notice and cure rights as any Mortgagee, which rights shall run concurrently with those of any Mortgagee for so long as
Investor is a limited partner of Tenant, provided, however, that Investor shall be deemed to have met any condition relating to the commencement or continuation of a foreclosure proceeding if it is attempting with diligence and in good faith to remove one or both general partners of Tenant. Notwithstanding anything to the contrary herein, Tenant shall not be permitted to terminate this Lease prior to the expiration of the Term without the prior written consent of the Investor. The address for any notices to same, as of the date hereof, is provided in Section 18.12 hereof. Notwithstanding any other provisions herein:

(a) if a monetary event of default occurs under the terms of this Lease, prior to exercising any remedies hereunder, Landlord shall provide written notice of such default to Investor and Investor shall have a period of sixty (60) days after such notice is given within which to cure the default prior to exercise of remedies by Landlord; or

(b) if a nonmonetary event of default occurs under the terms of this Lease, prior to exercising any remedies hereunder, Landlord shall provide written notice of such default to Investor and Investor shall have a period of ninety (90) days after such notice is given within which to cure the default prior to exercise of remedies by Landlord, unless such cure cannot reasonably be accomplished within such ninety (90) day period, in which event Investor shall have such time as is reasonably required to cure such default so long as Investor continues in good faith to diligently pursue the cure.

(c) The following provisions are for the benefit of HCD in connection with the HCD Loan:

(1) The Landlord shall not place any mortgage on its fee interest without the prior written consent of HCD.

(2) Landlord hereby consents to any assignment of the Lease by Tenant to HCD, and following such assignment HCD may further assign or transfer the Lease to a third party without the consent of Landlord.

(3) Landlord may not terminate the lease or accelerate the Rent upon a default by Tenant without first providing HCD with the notice and cure period set forth in 8.3 above.

(4) Landlord may not terminate this lease without the prior written consent of HCD and any attempt to take such action without the consent of HCD will be void.

(5) In the event of Casualty, the Lease may not be terminated so long as the Tenant or HCD pursues reconstruction of the Improvements with reasonable diligence.

(6) HCD shall not have any liability for the performance of any of the obligations of Tenant under the Lease until HCD has acquired the leasehold interest, and then only in accordance with the terms of the Lease and only with respect to obligations that accrue during the HCD's ownership of the leasehold interest.
(7) Neither Landlord nor Tenant, in the event of bankruptcy by either, will take the benefit of any provisions in the United States Bankruptcy Code that would cause the termination of the Lease or otherwise render it unenforceable in accordance with its terms.

(8) The leasehold interest under this Lease will not merge into the fee interest in the Property in the event that the Tenant acquires the reversionary interest in the Project.

(9) The acquisition of the Leased Premises by HCD will not result in a termination of the Lease; and upon such event, the Landlord shall enter into a new lease having a term at least as long as the term remaining on the Lease prior to acquisition by the HCD and on substantially the same terms and conditions as this Lease.

ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.1 Representations, Warranties and Covenants of Tenant. As an inducement to Landlord to enter into and to proceed under this Lease, Tenant warrants and represents to Landlord as follows, which warranties, representations, and covenants are true and correct as of the date of this Lease:

(a) Tenant has the right, power, and authority to enter into this Lease and the right, power, and authority to comply with the terms, obligations, provisions, and conditions contained in this Lease;

(b) The entry by Tenant into this Lease and the performance of all of the terms, provisions, and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Tenant is a party or by which it is bound;

(c) Tenant (i) shall not cause or permit any Hazardous Substances and Materials to be placed, held, located, or released or disposed of on, under, or at the Leased Premises or any part thereof, except in commercially reasonable amounts used in the construction and operation of the Improvements and in accordance with Legal Requirements, and (ii) shall not cause or permit any Hazardous Substances and Materials contamination of the Leased Premises or any part thereof; provided, however, that Tenant shall not be in violation of this Subsection 10.1(c) or otherwise be liable or obligated under this Lease for any of the foregoing to the extent caused by the existence of soils, water, or materials already located on the Leased Premises as of the Commencement Date or that arises from the migration of Hazardous Materials or Substances released from, disposed of, or otherwise placed at, a location other than the Leased Premises by parties and/or circumstances over which Tenant has no control and due to no fault of Tenant (for convenience such event is called an “On-Site Migration” hereinafter); and

(d) At all times during the Term, Tenant or its authorized representative shall use, maintain and operate the Leased Premises and the Improvements thereon in accordance with all Legal Requirements and Regulatory Agreements. The Tenant acknowledges that prior to the date hereof, the City and Landlord certified an Environmental Impact Report (the “EIR”) and its related Mitigation and Monitoring Program attached hereto as Exhibit I (as amended consistent
with applicable law from time to time, the “Mitigation Measures”). The Tenant will comply with the terms of the EIR and the Mitigation Measures and related conditions of approval adopted by the City or Landlord prior to the date hereof to the extent applicable to the Leased Premises and Improvements.

Section 10.2 Representatives, Warranties and Covenants of Landlord. As an inducement to Tenant to enter into and to proceed under this Lease, Landlord warrants and represents to Tenant as follows, which warranties, representations, and covenants are true and correct as of the date of this Lease:

(a) Landlord has the right, power, and authority to enter into this Lease and the right, power, and authority to comply with the terms, obligations, provisions, and conditions contained in this Lease;

(b) (1) Landlord has made available prior to execution of this Lease all documents related to the Leased Premises and existing prior to the Commencement Date (the “Property Documents”), and any copies that are furnished to Tenant by Landlord are and will be true, complete and correct copies of the Property Documents; (2) Landlord has received no notices from any Governmental Authority of any zoning, safety, building, fire, environmental, health code or any other violations whatsoever with respect to the Leased Premises other than as disclosed in the Property Documents; (3) the Leased Premises are currently vacant; (4) there is no litigation or proceeding (including, but not limited to, condemnation or eminent domain proceedings, pending grievances or arbitration proceedings or foreclosure proceedings threatened) or pending unfair labor practice charges or complaints, pending, or threatened, against or relating to the Landlord or the Leased Premises; (5) Landlord has not received notice of any special assessment(s) from any Governmental Authority; (6) except as disclosed in writing to Tenant, the Leased Premises does not contain any Hazardous Substances and Materials; (7) there are no maintenance, operating or other agreements affecting the Leased Premises, except as set forth in the Property Documents and disclosed in writing to the Tenant. Unless otherwise agreed to in writing by the Tenant any service contracts will be terminated by the Landlord prior to Closing; (8) the Landlord has not and will not enter into any contract, agreement, understanding or commitment that will be binding on Tenant or the Leased Premises after the Closing without the approval of the Tenant.

(c) Landlord shall provide all available information relating to the Leased Premises, as expeditiously as necessary, for the orderly progress of the Project. In addition, the Landlord shall coordinate closely with the Tenant regarding all communications with HUD, forward to the Tenant all relevant correspondence, directives, and other written materials either to or from HUD with respect to this Lease. Landlord will respond as promptly as possible, within its management structure, to questions that may arise during Project administration.

(d) The entry by Landlord into this Lease and the performance of all of the terms, provisions, and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach of default under any other agreements to which Landlord is a party or by which it is bound.
Section 10.3  Hazardous Substances and Materials.

(a) Certain Covenants and Agreements. Tenant hereby covenants and agrees that:

(1) Except as permitted by Section 10.1(c) hereof, Tenant shall not permit the Leased Premises or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal, release, or transportation of Hazardous Substances and Materials or otherwise knowingly permit the presence of Hazardous Substances and Materials in, on, or under the Leased Premises in violation of any applicable law. Provided however, that if any condition causing non-compliance with this Section existed at the Leased Premises prior to the Commencement Date of this Lease, or arises from an On-Site Migration, Tenant shall not be in default hereunder unless Tenant’s acts or omissions exacerbate such prior existence or On-Site Migration;

(2) Tenant shall keep and maintain the Leased Premises and each portion thereof in compliance with, and shall not cause or permit the Leased Premises or any portion thereof to be in violation of, any applicable environmental laws. Provided however, that if any condition causing non-compliance with this Section existed at the Leased Premises prior to the date of this Lease, or arises from an On-Site Migration, Tenant shall not be in default hereunder unless Tenant’s acts or omissions exacerbate such prior existence or On-Site Migration;

(3) Upon receiving actual knowledge of any of the following, Tenant shall immediately advise Landlord in writing:

(A) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Tenant or the Leased Premises pursuant to any applicable environmental laws;

(B) any and all claims made or threatened by any third party against Tenant or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Substances and Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as “Hazardous Substances and Materials Claims”);

(C) the presence of any Hazardous Substances and Materials in, on or under the Leased Premises in quantities which require reporting to a government agency or in excess of commercially reasonable amounts used in the construction and operation of the Improvements and in accordance with Legal Requirements; or

(4) Tenant shall indemnify Landlord for any and all costs and expenses, and increases thereof, including reasonable attorneys’ fees, reasonable expert witness fees, and reasonable consultant fees, resulting from Tenant’s failure to give Landlord notice as required by subsections (a)(3)(A)-(B) of this Section 10.3.

(5) Landlord shall have the right to join and participate in, as a party if it so elects, any Hazardous Substances and Materials Claims including any legal proceedings or
actions (including response actions) initiated in, or in connection therewith. Landlord’s election to so join or participate shall not affect in any manner the indemnity obligations of the Parties as set forth in this Lease.

(6) Without Landlord’s prior written consent, which shall not be unreasonably withheld or delayed, Tenant shall not take any remedial action in response to the presence of any Hazardous Substances and Materials on, under, or about the Leased Premises (other than in emergency situations or as required by Governmental Authorities having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Substances and Materials Claims.

(b) Indemnity. Without limiting the generality or obligations of the indemnification set forth in Section 7.3 above, Tenant hereby agrees to indemnify, protect, hold harmless, and defend (by counsel reasonably satisfactory to Landlord) Landlord, its board members, commissioners, officers, agents, successors, assigns, and employees (the “Landlord Indemnitees”) from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney’s fees, expert witness fees, and consultant fees) (“Indemnification Claims”), arising directly or indirectly, in whole or in part, out of:

(1) The failure of Tenant or any other person or entity under Tenant’s control on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any other person under the control of Tenant resulted in material harm) to comply with any applicable environmental law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation, or disposal, or investigation or notice thereof, of Hazardous Substances and Materials into, on, under, or from the Leased Premises;

(2) The presence in, on, or under, or the escape, seepage, leakage, spillage, emission, discharge, migration, disposal, release, or threatened release of any Hazardous Substances and Materials in, on, under, or from the Leased Premises on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any person under the control of Tenant results in material harm); or

(3) Any act or omission on or off the Leased Premises on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any employees, agents, contractors, or subcontractors of Tenant results in material harm), whether by Tenant or any employees, agents, contractors, or subcontractors of Tenant, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport, or disposal of any Hazardous Substances and Materials. Tenant’s indemnity obligations as they pertain to activities occurring off the Leased Premises shall only extend to activities performed by or arising from activities performed by
Tenant or any employees, agents, contractors, or subcontractors of Tenant or parties over which Tenant has control.

The foregoing indemnity shall further apply to any residual contamination on or under the Leased Premises, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport, release, threatened release, or disposal of any such Hazardous Substances and Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with environmental laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Lease, and shall remain in full force and effect. This indemnity obligation shall not extend to the extent any claim arises from any Landlord Indemnitee’s negligence or willful misconduct, any and all claims arising from any Hazardous Substances and Materials brought onto and/or released at the Leased Premises by any Landlord Indemnitee, or Indemnification Claims arising from conditions existing at the Leased Premises prior to the date of this Lease or arising from an On-Site Migration, except to the extent such conditions or On-Site Migration is exacerbated by Tenant’s negligence or willful misconduct.

(c) Landlord hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Tenant) the Tenant and any affiliate of Tenant and their respective board members, directors, officers, partners, employees, members, agents, consultants, lenders, volunteers, representatives, successors, and assigns (all the foregoing, the “Tenant Indemnitees”) from and against any loss, damage, cost, expense, or liability to the extent arising out of or attributable to (i) the presence, from prior to the Commencement Date, of any Hazardous Substances and Materials or any environmental condition identified in that certain Remedial Action Plan, ______________________, (ii) On-Site Migration, or (iii) Tenant’s construction of the Improvements substantially in accordance with the requirements of Article 3 hereof. However, anything in the preceding sentence notwithstanding, the foregoing indemnities shall not extend to claims, losses, fees, damages, costs, or expenses of any kind or nature to the extent Hazardous Substances and Materials or environmental conditions are (y) caused or exacerbated by a Tenant Indemnitee’s intentional wrongful acts, intentional wrongful omissions, gross negligence, or willful misconduct (including grossly negligent deviations from the requirements of Article 3 hereof) or (z) result from any Hazardous Substances and Materials brought onto and/or released at the Leased Premises by any Tenant Indemnitee or with any Tenant Indemnitee’s knowledge or permission (express or implied).

(d) The provisions of subsections (c) and (d) of this section 10.3 shall survive expiration or earlier termination of this Lease, and shall remain in full force and effect. Nothing in this Lease is intended in any way to limit either Party from pursuing any remedies such Party may have with regard to the existence of Hazardous Substances or Materials in, on, under, or about the Leased Premises as against third parties.

(e) No Limitation. Tenant hereby acknowledges and agrees that Tenant’s duties, obligations, and liabilities under this Lease, including, without limitation, under subsection (b) above, are in no way limited or otherwise affected by any information Landlord may have concerning the Leased Premises and/or the presence on the Leased Premises of any Hazardous
Substances and Materials, whether Landlord obtained such information from Tenant or from its own investigations, except as provided herein.

Section 10.4  **As-Is Conveyance.** Except as otherwise set forth in this Lease, including but not limited to Sections 10.2 and 10.3, this Lease is made “AS IS,” with no warranties or representations by Landlord concerning the condition of the Leased Premises.

Section 10.5  **Environmental Work.** Landlord represents and warrants that it has completed remediation of the Leased Premises to the extent required by the California Environmental Protection Agency’s Department of Toxic Substances Control for Tenant to develop the Leased Premises and that the California Environmental Protection Agency’s Department of Toxic Substances Control has issued a No Further Action Letter or Certificate of Clean Closure, as applicable. Tenant shall comply with, and shall cause its agents, employees, and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal, and remediation of Hazardous Substances and Materials. Notwithstanding the foregoing, the Landlord may not commence an action for Default against Tenant in response or because of a condition existing at the Property prior to the Commencement Date or an On-Site Migration, except to the extent such condition or On-Site Migration is exacerbated by Tenant.

**ARTICLE 11 EMINENT DOMAIN**

Section 11.1  **Termination of Lease.** Landlord and Tenant agree that, in the event of a Taking such that Tenant reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then-current use, then, subject to the rights and with the prior consent of all Mortgagees, this Lease shall, at Tenant’s sole option, terminate as of the Taking Date.

Section 11.2  **Continuation of Lease and Presumption of Restoration.** Landlord and Tenant agree that, in the event of a Taking that does not result in the termination of this Lease pursuant to Section 11.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises, and the Net Condemnation Award subject to the rights and with the prior consent of all Mortgagees will be disbursed in accordance with Section 11.4 below to Tenant or to Mortgagee and shall be used so as to make the remainder of the Leased Premises a complete, unified, and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking, subject to any applicable requirements of Mortgagee.

Section 11.3  **Temporary Taking.** If there shall be a temporary Taking of a year or less with respect to all or any part of the Leased Premises or of Tenant’s Estate, then the Term shall not be reduced and Tenant shall continue to pay all Rents, Impositions, and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Tenant shall not be required to perform such obligations that Tenant is prevented from performing by reason of such temporary Taking.

Section 11.4  **Award.** Subject to the rights of Mortgagees, if there is a Taking, whether whole or partial, Landlord and Tenant shall be entitled to receive all awards for the Leased Premises and the Improvements, subject to the rights of the Mortgagees. If the Leased Premises
shall be restored as is contemplated in Section 11.2 above, Tenant shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award, subject to the Mortgagees’ right to elect to have such Net Condemnation Award paid directly to such Mortgagees, as set forth in the applicable Approved Financing Documents.

Section 11.5 Joinder. If a Mortgage exists, the Mortgagees, to the extent permitted by law, shall be made a party to any Taking proceeding.

ARTICLE 12 DAMAGE OR DESTRUCTION

Section 12.1 Damage or Destruction to Leased Premises. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God, or other casualty to or in connection with the Leased Premises, the Improvements, or any portion thereof (hereinafter sometimes referred to as a “Casualty”). Subject to Section 12.2 below, and the rights of any Mortgagees, if during the Term the Improvements shall be damaged or destroyed by Casualty, Tenant shall repair or restore the Improvements, so long as Tenant determines, in its sole discretion, that it is feasible to do so and in such event Tenant provides or causes to be provided sufficient additional funds which, when added to such insurance proceeds, will fully effect such repair or restoration. Upon the occurrence of any such Casualty, Tenant, promptly and with all due diligence, shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty. In the event that Tenant shall determine, subject to the rights and with the consent of Mortgagee, by notice to Landlord given within thirty (30) days after receipt by Tenant of any such insurance proceeds, that it is not economically practical to restore the Improvements and/or the Leased Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, Tenant may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Tenant terminates this Lease pursuant to this Section 12.1, Tenant shall surrender possession of the Leased Premises to Landlord immediately.

Section 12.2 Damage or Destruction near End of Term. If, during the last seven (7) years of the Term, the Improvements shall be damaged by Casualty, then Tenant shall have the option, to be exercised within one hundred twenty (120) days after such Casualty:

(a) to repair or restore the Improvements as hereinafore provided in this Article 12; or

(b) subject to the rights of Mortgagees, to terminate this Lease by notice to Landlord, which termination shall be deemed to be effective as of the date of the Casualty. If Tenant terminates this Lease pursuant to this Section 12.2, Tenant shall surrender possession of the Leased Premises to Landlord immediately and assign to Landlord (or, if same has already been received by Tenant, pay to Landlord) all of its right, title, and interest in and to the proceeds from Tenant’s insurance upon the Leased Premises, subject to the prior rights of any Mortgagee therein, as referenced in Section 12.3 below.

Section 12.3 Distribution of Insurance Proceeds. In the event that insurance proceeds are not applied to restoration of the Leased Premises, the Improvements, or any portion thereof
and this Lease is terminated pursuant to Sections 12.1 or 12.2 hereof, the insurance proceeds received as the result of such Casualty shall be distributed, in the order provided, to (a) the First Mortgagee in accordance with the First Mortgage Loan for the repayment of the First Mortgage Loan if such Casualty occurs while the First Mortgage Loan is in effect, (b) all other Mortgagees with Mortgages in effect, (c) to Tenant to recover its investment, and (d) Landlord, and otherwise in accordance with Section 12.1 hereof; provided, however, that Tenant may retain the following amount of insurance proceeds: (i) any reasonable costs, fees or expenses incurred by Tenant in connection with the adjustment of the loss or collection of the proceeds; (ii) any reasonable costs incurred by Tenant in connection with the Leased Premises after the Casualty, which costs are eligible for reimbursement from such insurance proceeds; and (iii) the proceeds of any rental loss or business interruption insurance applicable prior to the date of surrender of the Leased Premises to Landlord.

ARTICLE 13 EVENTS OF DEFAULT

Section 13.1 Events of Default. Each of the following shall be an “Event of Default” by Tenant hereunder:

(a) failure by Tenant to pay any Rents when due or to pay or cause to be paid any Impositions, insurance premiums, or other liquidated sums of money herein stipulated to be paid by Tenant, if such failure shall continue for a period of sixty (60) days after written notice thereof has been given by Landlord to Tenant and Investor;

(b) failure by Tenant to perform or observe any of the provisions of this Lease stipulated in this Lease to be observed and performed by Tenant (including, but not limited to the failure to comply with Section 3.6), if such failure shall continue for a period of ninety (90) days after written notice thereof has been given by Landlord to Tenant and Investor; provided, however, that if any such failure cannot reasonably be cured within such ninety (90)-day period, then Landlord shall not have the right to terminate this Lease or Tenant’s right to possession hereunder so long as Tenant or Investor promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time;

(c) the failure of Tenant to cure, within the prescribed time period, (i) any declaration of default by the holder of a Mortgage on the Tenant’s Estate, (ii) any breach or violation of Applicable CC&Rs and Easements with which Tenant is obligated to comply under Section 3.3, following the expiration of any applicable notice and cure periods, or (iii) any breach or violation of any Approved Financing Document, following notice to Tenant and the expiration of any applicable cure period;

(d) the subjection of any right or interest of Tenant in this Lease to attachment, execution, or other levy, or to seizure under legal process, if not released within one hundred twenty (120) days; provided that the foreclosure of any Mortgage shall not be construed as an Event of Default within the meaning of this Subsection 13.1(d);
(e) the appointment of a receiver, not including receivership pursuant to any Mortgage, to take possession of Tenant’s Estate or of Tenant’s operations on the Leased Premises for any reason, if such receivership is not terminated, dismissed, or vacated within one hundred twenty (120) days after the appointment of the receiver;

(f) the filing by Tenant of a petition for voluntary bankruptcy under the Bankruptcy Code or any similar law, state or Federal, now or hereafter in effect;

(g) the filing against Tenant of any involuntary proceedings under such Bankruptcy Code or similar law, if such proceedings have not been vacated or stayed within ninety (90) days of the date of filing;

(h) the appointment of a trustee or receiver for Tenant or for all or the major part of Tenant’s property or the Leased Premises, in any involuntary proceeding, not including pursuant to any Mortgage, or taking of jurisdiction by any court over all or the major part of Tenant’s property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of Tenant, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within ninety (90) days;

(i) Intentionally Omitted;

(j) a general assignment by Tenant for the benefit of creditors or Tenant’s admittance in writing of its insolvency or inability to pay its debts generally as they become due or Tenant’s consent to the appointment of a receiver or trustee or liquidator for Tenant, all or the major part of its property, or the Leased Premises; or

(k) violation of the RAD Use Agreement in accordance with Section 20.1(c), if such failure shall continue for a period of sixty (60) days after written notice thereof has been given by Landlord to Tenant and Investor.

To the extent cure is permitted hereunder, a partner of Tenant shall have the right to cure any default or breach of this Lease by Tenant, and Landlord agrees to accept a timely cure tendered by a partner.

Section 13.2 Rights and Remedies.

(a) At any time after the occurrence of an Event of Default hereunder, Landlord, subject in all respects to the provisions of this Lease with respect to Landlord’s and Investor’s rights to cure defaults by Tenant and with respect to the rights of any Mortgagees and Investors, and subject further to the provisions of Section 13.3 of this Lease, may terminate this Lease by giving Tenant written notice thereof (with a copy of such notice to the Mortgagees and to Investor), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and Tenant’s Estate created hereby and all interest of Tenant and all parties claiming by, through, or under Tenant shall automatically terminate upon the effective date for termination as set forth in such notice,
with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, Landlord, its agents, or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Leased Premises (including all buildings and other Improvements comprising any part thereof) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of Rents or existing breaches of covenants; provided that Landlord shall not be entitled to disturb possession of any tenants or others in possession pursuant to tenant leases with Tenant so long as such tenants or others are not in default thereunder and attorn to Landlord as their Landlord.

(b) Upon the exercise of Landlord’s remedies pursuant to this Section 13.2, Tenant shall execute such releases, deeds, and other instruments in recordable form as Landlord shall reasonably request in order to accurately set forth of record the then current status of Tenant’s Estate and Tenant’s rights hereunder.

Section 13.3 Deficiency Judgments. Landlord, for itself and for each and every succeeding owner of Landlord’s Estate in the Leased Premises, agrees that it shall never be entitled to seek a personal judgment against Tenant or its members and that (a) upon any Event of Default hereunder, the rights of Landlord to enforce the obligations of Tenant, its successors, or assigns, or to collect any judgment, shall be limited to the termination of this Lease and of Tenant’s Estate and the enforcement of any other rights and remedies specifically granted to Landlord hereunder, provided, however, that the limitations set forth in this Section 13.3 shall not be applicable to (i) fraud, (ii) misappropriation of any Net Condemnation Award or insurance, and (iii) misappropriation of Authority Gap Loan funds.

Section 13.4 Default by Landlord.

(a) Events of Default. Landlord shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform or if any of Landlord’s representations or warranties is untrue or becomes untrue in any material respect, and if the failure to perform or the failure of such representation or warranty is not cured within thirty (30) days after written notice of the default has been given to Landlord. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty (30)-day period and diligently and in good faith continues to cure the default until completion.

(b) Right to Cure; Tenant’s Remedies. Subject to Section 13.5 below, if Landlord shall have failed to cure a default by Landlord after expiration of the applicable time for cure of a particular default, Tenant, at its election, but without obligation therefor (i) may seek specific performance of any obligation of Landlord, after which Tenant shall retain, and may exercise and enforce, any and all rights that Tenant may have against Landlord as a result of such default, (ii) from time to time without releasing Landlord in whole or in part from the obligations to be performed by Landlord hereunder, may cure the default at Landlord’s cost, (iii) may terminate this Lease, and/or (iv) may exercise any other remedy given hereunder or now or hereafter existing at law or in equity. Any reasonable costs incurred by Tenant in order to cure such a
default by Landlord shall be due immediately from Landlord, together with interest at the prime rate published in the Wall Street Journal from time to time, and may be offset against any amounts due from Tenant to Landlord.

Section 13.5 Notices. Notices given by Landlord under Section 13.1 or by Tenant under Section 13.4 shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant or Landlord, as applicable, perform the appropriate provisions of this Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.

Section 13.6 Bankruptcy of Landlord. If this Lease is rejected by Landlord or Landlord’s trustee in bankruptcy following the bankruptcy of Landlord under the Bankruptcy Code, as now or hereafter in effect, Tenant shall not have the right to treat this Lease as terminated except with the prior written consent of all Mortgagees and the Investor, and the right to treat this Lease as terminated in such event shall be deemed assigned to each and every Mortgagee whether or not specifically set forth in any such Mortgage, so that the concurrence in writing of Tenant and each Mortgagee shall be required as a condition to treating this Lease as terminated in connection with any such bankruptcy proceeding.

ARTICLE 14 QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

Section 14.1 Quiet Enjoyment. Landlord covenants and warrants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use, and enjoy, and shall have the full, exclusive, and unrestricted use and enjoyment of, all of the Leased Premises during the Term, subject only to the provisions of this Lease, the RAD Use Agreement, the Regulatory Agreements, and all applicable Legal Requirements.

Section 14.2 Landlord’s Right of Inspection. Notwithstanding Section 14.1 above, Landlord, in person or through its agents, upon reasonable prior notice to Tenant, shall have the right, subject to the rights of tenants, to enter upon the Leased Premises for purposes of reasonable inspections performed during reasonable business hours in order to assure compliance by Tenant with its obligations under this Lease. In addition to the aforementioned inspection rights, Tenant grants a right of access to Landlord, or any of its authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

ARTICLE 15 VACATION OF LEASED PREMISES

Tenant covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Tenant will peaceably and quietly yield and surrender possession of the Leased Premises to Landlord. The foregoing, however, will be subject to the rights of tenants or others in possession pursuant to tenant leases with Tenant, provided that such tenants are not in default thereunder and attest to Landlord as their Landlord. An action of forcible detainer shall lie if Tenant holds over after a demand for possession is made by Landlord. Notwithstanding anything to the contrary herein, Tenant shall
not voluntarily vacate or surrender and Landlord shall not accept any voluntary vacating or surrendering of the Leased Premises by Tenant while a Mortgage remains outstanding or while an Investor shall remain a member in Tenant.

ARTICLE 16 NON-MERGER

For so long as any debt secured by a Mortgage upon the leasehold created by this Lease shall remain outstanding and unpaid, or so long as an Investor shall remain a partner in Tenant, unless Mortgagee shall otherwise consent in writing, there shall be no merger of either this Lease or Tenant’s Estate created hereunder with the fee estate of the Leased Premises or any part thereof by reason of the fact that the same person may acquire, own, or hold, directly or indirectly, (a) this Lease, Tenant’s Estate created hereunder, or any interest in this Lease or Tenant’s Estate (including the Improvements), and (b) the fee estate in the Leased Premises or any part thereof or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of Landlord, having an interest in (i) this Lease or Tenant’s Estate created hereunder, and (ii) the fee estate in the Leased Premises or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same, and shall have obtained the prior written consent of Mortgagee.

ARTICLE 17 ASSIGNMENTS AND TRANSFERS; FORECLOSURE

Section 17.1 Consent Required. Except as specifically permitted in the RAD Use Agreement and the Regulatory Agreements, no Transfer shall be made without Landlord’s prior written approval; any such Transfer shall be made pursuant to the Regulatory Agreements. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord and Tenant, except that Tenant may not assign or sublet its interest in this Lease without the prior written consent of Landlord and any other consent required by the Regulatory Agreements. Any attempted Transfer without such required consents shall be null and void. Any person to whom any Transfer is attempted without such consent shall have no claim, right, or remedy whatsoever hereunder against Landlord, and Landlord shall have no duty to recognize any person claiming under or through the same.

Section 17.2 Limitations on Consent Requirement. Notwithstanding the foregoing:

(a) The consent of Landlord shall not be required for:

(1) a lease of any Residential Unit at the Leased Premises, subject to the Landlord’s prior approval of the form of Tenant Lease;

(2) transfer of the Leased Premises and Improvements to a Mortgagee by foreclosure or deed-in-lieu of foreclosure (or the leasehold equivalent thereof), or to a third-party purchaser pursuant to a foreclosure sale (or the leasehold equivalent thereof);

(3) after Closing, the transfer by Investor of Investor’s partnership interest in Tenant to an affiliate of Investor or a transfer of an interest in Investor, provided that either Investor remains obligated to fund its equity contribution, or the affiliate assumes the obligations
to fund Investor’s equity contribution, in accordance with the terms of the Partnership Agreement (if at the time of the proposed transfer no equity contribution remains unpaid, then consent shall not be required for the transfer of any partner interest);

(4) grants and easements for the establishment, operation, and maintenance of utility services; or

(5) the removal of a general partner of the Tenant pursuant to the Partnership Agreement and the replacement of such general partner with an affiliate of Investor, provided that the admission of a non-affiliate of Investor shall require the reasonable consent of Landlord.

(b) If Tenant requests the consent of Landlord to an internal reorganization of Tenant, or of any of the partners, members, or stockholders of Tenant, Landlord will not unreasonably withhold or delay such consent.

Section 17.3 Subsequent Assignment. In cases where Landlord’s consent is required, Landlord’s or HUD’s consent to one assignment will not waive the requirement that Landlord and HUD consent to any subsequent assignment.

Section 17.4 Request for Consent. If Tenant requests Landlord’s consent to a specific assignment, Tenant shall provide to Landlord such information as may reasonably be required by Landlord.

Section 17.5 Consent of Landlord Not Required. The foreclosure of a Mortgage or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Mortgage, or any conveyance of the Tenant’s Estate to any Mortgagee or its affiliate or third party designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not breach any provision of or constitute an Event of Default under this Lease, and upon such foreclosure, sale, or conveyance, Landlord shall recognize any Mortgagee or such affiliate or designee of any Mortgagee, or any purchaser at any such foreclosure sale, as Tenant hereunder. Provided, however, that Landlord may disapprove a subsequent Transfer after foreclosure, deed in lieu of foreclosure, or other appropriate proceedings where the proposed transferee has (a) insufficient prior experience in managing affordable multifamily rental housing, (b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD.

Section 17.6 Transfer After Foreclosure. This Lease may be transferred, without the consent of Landlord, to any Mortgagee or an affiliate thereof, pursuant to foreclosure or similar proceedings, or pursuant to a Transfer of this Lease to such Mortgagee (or its affiliate or third party designee) in lieu thereof, and may be thereafter transferred by such Mortgagee (or its affiliate or third party designee), and any Mortgagee (or its affiliate) shall be liable to perform the obligations herein imposed on Tenant only for and during the period it is in possession or ownership of the leasehold estate created hereby. Provided, however, that Landlord may disapprove a subsequent Transfer after foreclosure, deed in lieu of foreclosure, or other appropriate proceedings by Mortgagee (or its affiliate or third party designee) where the proposed transferee has (a) insufficient prior experience in managing affordable multifamily rental housing,
(b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD. In no event shall any Mortgagee (or its affiliate or third party designee) be (i) liable for any prior act or omission of Tenant unless and to the extent such act or omission is continuing following the foreclosure or other transfer, or (ii) subject to any offsets or defenses which Landlord may have against Tenant.

Section 17.7 Grant of Purchase Option. Notwithstanding anything to the contrary set forth in any other provision of this Lease, nothing shall prohibit the granting of a purchase option and/or right of first refusal to the Landlord, or its designee, including, without limitation, the Managing General Partner, and to the Administrative General Partner to purchase the Tenant’s Estate (or the Investor’s interest in the Tenant) as provided in the Right of First Refusal/Purchase Option and/or (ii) the exercise of such Right of First Refusal/Purchase Option in accordance with the Right of First Refusal/Purchase Option (and the assignment of the Authority Gap Loan, Authority IIG Loan and Authority Acquisition Loan to purchaser, if the Authority or its affiliate is the purchaser); provided, however, that any such option rights described in this Section 17.7 shall be subordinate to the Approved Financing Documents.

ARTICLE 18 MISCELLANEOUS PROVISIONS

Section 18.1 Entire Agreement: Modifications. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. This Lease contains the sole and entire understanding between the Parties with respect to the leasing of the Leased Premises pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations, and warranties heretofore made between the Parties, if any, are merged into this Lease.

Section 18.2 Amendments. Landlord shall not unreasonably withhold its consent to any amendments to this Lease that are reasonably requested by a Mortgagee, including, without limitation, for the purpose of reasonably implementing the mortgage protection provisions contained in this Lease to allow Mortgagee reasonable means to protect or preserve the lien of its Mortgage upon occurrence of a default under the terms of this Lease. Landlord and Tenant each agree to execute and deliver (and to acknowledge for recording purposes, if necessary) such agreement(s) or instrument(s) reasonably required to effect such amendments; provided, however, Landlord may, in its sole and absolute discretion, refuse to consent to any proposed amendments to the description of the Leased Premises, the Term, Rent, or any other amendments which would materially change the rights and/or obligations of Landlord under this Lease. Landlord and Tenant each agree not to enter into any amendment or modification of the Lease without the prior written consent of each Mortgagee.

Section 18.3 Governing Law. This Lease, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of California.

Section 18.4 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.
Section 18.5  **Severability.** In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the Parties have been materially altered by such unenforceability.

Section 18.6  **Further Assurances.** From and after the date of this Lease, Landlord and Tenant, at the request of the other Party, shall make, execute, and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions, and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 18.7  **Captions.** All captions, headings, paragraphs, subparagraphs, letters, and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit, or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs, and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 18.8  **Gender.** Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 18.9  **Exhibits.** Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to and otherwise mentioned.

Section 18.10  **References.** All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms “herein,” “hereof,” “hereinafter,” “hereunder” and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

Section 18.11  **Rights Cumulative.** Except as expressly limited by the terms of this Lease, all rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 18.12  **Notices.** All notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express or UPS, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand, or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver
because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand, or other communication. By giving prior written notice thereof, any Party, from time to time, may change its address for notices hereunder. Legal counsel for the respective Parties may send to the other Party any notices, requests, demands, or other communications required or permitted to be given hereunder by such Party.

To Landlord: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles CA 90057
Attn: President and Chief Executive Director

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 Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen

To Tenant: Rose Hill Courts I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Ave., Suite 900
Irvine, CA 92612
Attention: Frank Cardone

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly

To holder of First Mortgage Loan: MUFG Union Bank, N.A.
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Attn: CDF Manager

with a copy to: Rutan & Tucker, LLP
Exchange Place
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attn: Patrick D. McCalla

To Investor: Raymond James California Housing Opportunities Fund X
L.L.C. c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
Section 18.13 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 18.14 Time of Essence. Time is and shall be of the essence in this Lease.

Section 18.15 Relationship of Parties. No relationship exists between Landlord and Tenant other than landlord and tenant. The Parties hereto expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers, nor does a debtor-creditor, principal-agent, or any other relationship except as aforesaid, exist between them.

Section 18.16 Multiple Leasehold Mortgages. If at any time there shall be more than one Mortgage, the Mortgagor under the First Mortgage Loan (“First Loan Mortgagor”) shall be prior in lien and shall be vested with all of the rights of Mortgagor under this Lease (other than the provisions for receipt of notices) to the exclusion of any junior Mortgage and junior Mortgagor; provided, however, that: (a) if the First Loan Mortgagor fails to or refuses to exercise its rights set forth under this Lease, each holder of a junior Mortgage in the order of priority of their respective liens shall have the right to exercise such rights; and (b) with respect to the right of a Mortgagor under Section 9.8 (right to request a New Lease), such right may, notwithstanding the limitation of time set forth in Section 9.8, if any, be exercised by the holder of any junior Mortgage, in the event the holder of a senior Mortgage shall not have exercised such right within a reasonable amount of time.

Section 18.17 Conflicts with Mortgage. In the event of a default under a Mortgage, such Mortgagor may exercise with respect to the Leased Premises any right, power, or remedy under the Mortgage which is not in conflict with the provisions of this Lease. In the event of a conflict or inconsistency between any requirement contained in this Lease and any requirement contained in any document referred to in this Lease, including any Mortgage, the terms of this Lease shall in all instances be controlling.

Section 18.18 Attorneys’ Fees. In the event of litigation between the Parties arising out of this Lease, each Party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Section 18.19 Non-Liability of Governmental Officials and Employees; Conflicts of Interest. No member, official, employee, commissioner, agent, consultant, or contractor of
Landlord shall be personally liable to Tenant or any successor or assign of Tenant in the event of any default or breach by Landlord hereunder, or for any amount which may become due to Tenant or any successor or assign of Tenant as a result of such default or breach, or for any of Landlord’s obligations under this Lease; provided, however, that the foregoing shall not void or diminish the obligations of Landlord under this Lease.

Tenant represents and warrants that to Tenant’s actual knowledge no member, official, employee, commissioner, agent, consultant, or contractor of Landlord has any direct or indirect personal interest in this Lease or participation in any decision relating to this Lease which affects his or her personal interests or the interests of any corporation, partnership, or other entity in which he or she is, directly or indirectly, interested. Tenant further represents and warrants to Landlord that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Lease) any money or other consideration for obtaining this Lease.

Except as may be expressly set forth herein, no present or future partner, shareholder, participant, employee, agent, officer, or partner of or in Tenant shall have any personal liability, directly or indirectly, under or in connection with this Lease; provided, however, that the foregoing shall not void or diminish the obligations of Tenant under this Lease.

Section 18.20 Consent; Reasonableness. Except as otherwise specified herein, in the event that Tenant or Landlord shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Lease, such consent or approval shall not be unreasonably withheld or delayed by the Party from whom such consent or approval is sought, and shall be given or disapproved within the times set forth herein, or, if no time is given, within ten (10) business days of request therefor. Except as may be otherwise expressly set forth herein, approvals and disapprovals on the part of Landlord may be given by Landlord’s chief executive officer.

Section 18.21 Non-Waiver of Governmental Rights. Nothing in this Lease shall be construed to in any way obligate Landlord or any other Governmental Authority to take any discretionary action relating to the construction, development, or operation of the Project, including, but not limited to, condemnation, rezoning, variances, subdivision, environmental clearances, or any other governmental approvals which are or may be required pursuant to the Legal Requirements. Nothing in this Lease shall be construed to restrict or impair in any manner whatsoever any Legal Requirement or the exercise by Landlord of any governmental powers or rights thereunder.

Section 18.22 Removal of Personal Property. Title to personal property of Tenant shall remain in Tenant. If Tenant or Mortgagee shall not have removed such personal property from the Leased Premises upon a reasonable period of time following the expiration or earlier termination of the Lease (such period not to be less than thirty (30) days following delivery of written notice from Landlord to Tenant and Mortgagee), then Landlord shall have the right, at its election, in addition or in the alternative to its other rights with respect to the same, to either (i) deem such personal property abandoned and retain the same as its property, or dispose of the same without accountability in such manner as Landlord may see fit (and Landlord shall be promptly reimbursed by Tenant for all reasonable expenses of such disposition upon written
demand therefor), or (ii) remove and store the same in a place satisfactory to Landlord, in which event all reasonable expenses of such removal and storage shall be charged to and be borne by Tenant, and Landlord shall be promptly reimbursed by Tenant for such expenses upon written demand therefor. Tenant shall repair any loss or damage to the Leased Premises or any part thereof caused or resulting from the removal of the personal property (whether removed by or at the direction of Landlord or Tenant), except to the extent such loss or damage was caused by the gross negligence or willful misconduct of Landlord, its agents and/or employees. [SUBJECT TO HACLA REVIEW]

ARTICLE 19 PARTICULAR COVENANTS

Section 19.1 Non-Discrimination. Tenant shall not discriminate against, or segregate any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry, or disability in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Leased Premises nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, subtenants, sub-tenants, or vendees of the Leased Premises. The foregoing covenant shall run with the land. Landlord shall be entitled to invoke any remedies available at law or in equity to redress any breach of this subsection or to compel compliance therewith by Tenant.

Section 19.2 Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases, or contracts entered into by Tenant on or after the date of execution of this Lease as to any portion of the Project or Leased Premises shall contain the following language:

(a) In deeds: “Grantee herein covenants by and for itself, 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, sex, sexual orientation, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, subtenants, subleases, or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

(b) In leases (except for leases from Tenant to a residential tenant): “The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives, and assigns and all persons claiming under the lessee or through the lessee that the lessee’s lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, or national origin in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, sublessees, subtenants, or vendees in the land herein leased.”
(c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, subtenants, sublessees, or vendees of the land.”

Section 19.3 TCAC Lease Rider. At the time required by TCAC, Landlord and Tenant agree to execute and record against the Leased Premises in the official records of the County of Los Angeles, a lease rider in the form required by TCAC and HUD.

ARTICLE 20 RAD PROVISIONS

In addition to entering into this Lease, Landlord and Tenant also contemplate the provision of rental assistance to the Project pursuant to a RAD HAP Contract. If a RAD HAP Contract is entered into pursuant to the RAD Requirements, HUD will require Landlord and Tenant to enter into a RAD Use Agreement in connection with the provision of rental assistance to the Project. Notwithstanding any other clause or provision in this Lease, upon execution of the RAD Use Agreement and for so long as the RAD Use Agreement is in effect, the following provisions shall apply:

(a) This Lease shall in all respects be subordinate to the RAD Use Agreement. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement or this Lease.

(b) If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(c) The provisions in this Article 20 are required to be inserted into this Lease by HUD and may not be amended without HUD’s prior written approval.

(d) Violation of the RAD Use Agreement constitutes a default of this Lease.

(e) Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested in the Landlord and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Tenant shall vest in Landlord.

(f) Neither the Tenant nor any of its partners shall have any authority to:

(1) Take any action in violation of the RAD Use Agreement; or

(2) Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Landlord or HUD.
(3) Except to the extent permitted by the RAD HAP Contract or RAD Use Agreement and the normal operation of the Project, neither the Tenant nor any partners shall have any authority without the consent of Landlord to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project or any part thereof.

[signature pages follow]
IN WITNESS WHEREOF, this Lease is made and entered into as of Commencement Date.

LANDLORD:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
TENANT:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By:   Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
   its administrative general partner

By:   _______________________________________
   Frank Cardone
   President

By:   LOMOD RHC I, LLC,
a California limited liability company,
   its managing general partner

By:   La Cienega LOMOD, Inc., a California nonprofit
   public benefit corporation,
   its sole member

By:   _______________________________________
   Tina Smith-Booth
   President

SIGNATURE PAGE – GROUND LEASE AGREEMENT
EXHIBIT A

Leased Premises

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
EXHIBIT B

Memorandum of Ground Lease

[attached]
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

(SPACE ABOVE THIS LINE FOR RECORDER’S USE)

MEMORANDUM OF GROUND LEASE

Rose Hill Courts Phase I

THIS MEMORANDUM OF GROUND LEASE (this “Memorandum”) 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 Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Tenant”), with respect to that certain Ground Lease Agreement dated as of ________, 2021 (the “Lease”), between Landlord and Tenant.

Pursuant to the Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord that certain real property, more particularly described in Exhibit A, attached hereto and incorporated herein, (the “Property”) and Landlord grants to Tenant all the improvements existing or to be constructed on the Property for the term of the Lease. The Lease commenced as of ________, 2021, and shall continue from such date for seventy-five (75) years as per Section 2.3 of the Lease[, as the same may be extended pursuant to the terms of the Lease]. Section 17.7 of the Lease permits the grant of a right of first refusal to the Landlord or the Managing General Partner or their respective designees and a purchase option to the Administrative General Partner and the Landlord or their respective designees, including without limitation, La Cienega LOMOD, Inc.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein, including, but not limited to the affordability restrictions in the Lease and attached hereto as Exhibit B.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend, or supplement the Lease, of which this is a Memorandum.

[signature pages follow]
IN WITNESS WHEREOF, the parties have caused this Memorandum 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: ___________________________
    Douglas Guthrie
    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:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
    public benefit corporation,
    its sole member

By: _______________________________
    Tina Smith-Booth
    President

WITNESS:

[NOTARY BLOCKS 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, ________________________,
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, , (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 ___________________
EXHIBIT A
Memorandum of Ground Lease
Rose Hill Courts Phase I

PROPERTY DESCRIPTION

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
EXHIBIT B
Memorandum of Ground Lease
Rose Hill Courts Phase I

AFFORDABILITY RESTRICTIONS

Subject to Section 3.8(d) and 3.9(c) and the Property Management and Re-Occupancy Plan and after initial lease up of residents from the existing Rose Hill Courts public housing site exercising their right to return, the Residential Units shall be rented in accordance with the income limits and distribution as provided in the chart below.

<table>
<thead>
<tr>
<th></th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>80% AMI</th>
<th>Manager/Market</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>12</td>
<td>13</td>
<td>26</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>51</td>
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<tr>
<td>Two Bedroom</td>
<td>8</td>
<td>1</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
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<td>Total</td>
<td>22</td>
<td>18</td>
<td>48</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>89</td>
</tr>
</tbody>
</table>

In addition, eighty-eight (88) Residential Units in Phase I are replacement Residential Units, which shall comply, subject to the Property Management and Re-Occupancy Plan and Section 3.8 and 3.9 of this Lease, with the bedroom and subsidy-type distribution provided below. Tenant or its Management Agent will select residential tenants in accordance with the requirements of the Regulatory Agreements. Subject to the Regulatory Agreements and the requirements of the Approved Financing Documents, the replacement Residential Units at Phase I shall be available to residents of the existing Rose Hill Courts public housing site, who are in good standing, at initial lease up.

<table>
<thead>
<tr>
<th></th>
<th>Phase I</th>
<th>RAD</th>
<th>PBV</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>51</td>
<td></td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>26</td>
<td>6</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>8</td>
<td>5</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>4</td>
<td></td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>11</td>
<td>77</td>
<td>1</td>
</tr>
</tbody>
</table>

Pursuant to the Section 3.6(b) of the Lease, all of the PBV Units shall be operated as affordable for families at or below eighty percent (80%) of the area median income for not less than (30) years following the Commencement Date (the “Section 18 Restriction”).

If there is a foreclosure, all units are subject to the Post-Foreclosure Rent Restrictions as described in the Lease.
EXHIBIT C

Affordability Restrictions

Subject to Section 3.8(d) and 3.9(c) and the Property Management and Re-Occupancy Plan and after initial lease up of residents from the existing Rose Hill Courts public housing site exercising their right to return, the Residential Units shall be rented in accordance with the income limits and distribution as provided in the chart below.

<table>
<thead>
<tr>
<th>Residential Units</th>
<th>30% AMI</th>
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<th>50% AMI</th>
<th>60% AMI</th>
<th>80% AMI</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>0</td>
<td>0</td>
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<td>51</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>8</td>
<td>1</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
<td><strong>18</strong></td>
<td><strong>48</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
<td><strong>89</strong></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Residential Units</th>
<th>Phase I</th>
<th>RAD</th>
<th>PBV</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>51</td>
<td>-</td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td>Two Bedroom</td>
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<td>1</td>
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<td>3</td>
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</tr>
<tr>
<td>Four Bedroom</td>
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<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89</strong></td>
<td><strong>11</strong></td>
<td><strong>77</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

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If there is a foreclosure, all units are subject to the Post-Foreclosure Rent Restrictions as described in the Lease.

Tenant Protections

Tenant Leases
Notwithstanding the Regulatory Agreements, Approved Financing Documents, and any other documents imposing tenant protections on the Project, all Residents shall be subject to the same Tenant Lease and tenant protections to the extent permitted by law. Landlord and Tenant acknowledge that the Residential Units obtain assistance under various programs including, but
not limited to, the PBV program and RAD program, each of which provides tenant protections. The tenant protections and opportunities granted to Residents shall be uniformly applied to the Residential Units through the inclusion of tenant protection provisions in all Tenant Leases, including those provided herein, to the extent permitted by applicable Regulatory Agreements and the RAD Use Agreement. Provided, however, that the tenant protections need not be extended to the one (1) manager’s unit.

**Resident Participation and Funding**

To support Resident participation, Residents will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.

1. **Legitimate Resident Organization.** Tenant must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate if it has been established by the Residents of the Project, meets regularly, operates democratically, is representative of all Residents in the Project, and is completely independent of the Tenant, management, and their representatives.

In the absence of a legitimate resident organization at the Project, HUD encourages the Tenant and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate resident organization.

Residents are encouraged to contact the Tenant directly with questions or concerns regarding issues related to their tenancy. Tenant is also encouraged to actively engage residents in the absence of a resident organization; and

2. **Protected Activities.** Tenant must allow Residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:
   a. Distributing leaflets in lobby areas;
   b. Placing leaflets at or under Residents' doors;
   c. Distributing leaflets in common areas;
   d. Initiating contact with Residents;
   e. Conducting door-to-door surveys of Residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
   f. Posting information on bulletin boards;
   g. Assisting Resident to participate in resident organization activities;
   h. Convening regularly scheduled resident organization meetings in a space on site and accessible to Residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and
   i. Formulating responses to Tenant’s requests for:
      1. Rent increases;
      2. Partial payment of claims;
      3. The conversion from project-based paid utilities to resident-paid utilities;
4. A reduction in resident utility allowances;
5. Converting residential units to non-residential use, cooperative housing, or condominiums;
6. Major capital additions; and
7. Prepayment of loans.

In addition to these activities, Tenant must allow Residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization. Tenant shall not require Residents and resident organizers, as required under the RAD Requirements, to obtain prior permission before engaging in the activities permitted in this section.

3. Meeting Space. Tenant must reasonably make available the use of any community room or other available space appropriate for meetings that are part of the Project when requested by:
   a. Residents or a resident organization and used for activities related to the operation of the resident organization; or
   b. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities, unless this is impractical for reasons beyond the organization's control. If the Project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities. Tenant may charge a reasonable, customary and usual fee, approved by the HUD and/or Landlord as may normally be imposed for the use of such facilities in accordance with procedures prescribed by HUD, for the use of meeting space. The Landlord may waive this fee.

4. Resident Organizers. A resident organizer is a Resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of Tenant, managers, or their agents. Tenant must allow resident organizers to assist Residents in establishing and operating resident organizations.

5. Canvassing. If the Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a Resident while at the Project. If the Project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the Project does not have a consistently enforced, written policy against canvassing, the Project shall be treated as if it has a policy favoring canvassing. A Resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

6. Funding. Tenant must provide $25 per occupied [RAD Unit and PBV Unit] annually for resident participation, of which at least $15 per occupied [RAD Unit and PBV Unit] shall be provided to the legitimate Resident organization at the Project. These funds must be used for resident education, organizing around tenancy issues, and training activities. In the absence of a legitimate resident organization at a Project:
a. Landlord encourages the Tenant and Residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate Residents organization. Residents are encouraged to contact the Tenant directly with questions or concerns regarding issues related to their tenancy. Tenant is also encouraged to actively engage Residents in the absence of a Resident organization; and

b. Project Owners must make Resident participation funds available to Residents for organizing activities in accordance with this Exhibit. Residents must make requests for these funds in writing to the Tenant. These requests will be subject to approval by the Tenant.

**Termination Notification**

Tenant must provide adequate written notice of termination of any Resident lease in accordance with HUD requirements and any requirements prescribed in the Regulatory Agreements or Approved Financing Documents. Further, Tenant shall provide adequate written notice of termination of any Resident lease which shall not be less than:

- A reasonable period of time, but not to exceed 30 days:
  1. If the health or safety of other Residents, Tenant employees, or persons residing in the immediate vicinity of the premises is threatened; or
  2. In the event of any drug-related or violent criminal activity or any felony conviction;
- 14 days in the case of nonpayment of rent; and
- 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

**Grievance Process**

Tenant must maintain a grievance process in accordance with HUD requirements and any requirements prescribed in the Regulatory Agreements or Approved Financing Documents. Further, Tenant’s grievance procedure shall provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. Notwithstanding the provisions of 24 CFR § 982.555, an opportunity for an informal hearing shall be given to Residents for any dispute that a Resident may have with respect to a Tenant action in accordance with the Resident’s lease that adversely affect the Resident’s rights, obligations, welfare, or status.

- For Residents of the RAD Units and PBV Units, the Landlord, as contract administrator, will perform the informal hearing. The hearing officer must be selected in accordance with 24 CFR § 982.555(e) (4) (i). For Residents of Residential Units other than the RAD Units and the PBV Units, the Tenant shall perform the informal hearing.
- There is no right to an informal hearing for class grievances or to disputes between Residents not involving the Tenant or Landlord.
- The Tenant shall give Residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1).
- The Tenant shall provide the opportunity for an informal hearing before an eviction. Current informal hearing procedures must be outlined in the Tenant’s Management Plan.
EXHIBIT C-1

HUD Disposition Approval Letter

[attached]
September 23, 2020

Mr. Douglas Guthrie
Executive Director
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA  90057

Dear Mr. Guthrie:

The U.S. Department of Housing and Urban Development’s (Department) Special Applications Center (SAC) has reviewed the Housing Authority of the City of Los Angeles (HACLA) applications for the demolition of 1 non-dwelling and 5 dwelling building containing 13 dwelling units and disposition of 1.79 acres of vacant land at the Rose Hill Courts portion of Ramona/Rose CA004000401, (aka: Ramona Gardens and Rose Hill Courts) (PIC application DDA0010885). Also, the demolition of 8 dwelling buildings containing 76 dwelling units and the disposition of 3.45 acres of vacant land at the Rose Hill Courts portion of Ramona /Rose, CA004000401 (PIC application DDA0010888). The SAC received the applications on June 19, 2020 via the Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) system. Supplemental information was received through September 21, 2020.

Environmental Review

The Environmental Review (ER) was performed by the local Responsible Entity (RE) City of Los Angeles in accordance with 24 CFR part 58 on January 24, 2020. A Request for Release of Funds/Environmental Certification (RROF/C), form HUD-7015.15 was submitted to the HUD Los Angeles Field Office of Public Housing (Field Office) on February 19, 2020. The HUD Los Angeles Field Office accepted the RROF/C and approved an Authority to Use Grant Funds, form HUD-7015.16 on March 9, 2020.

Civil Rights Compliance Review

HUD’s Office of Fair Housing and Equal Opportunity (FHEO) monitors PHA compliance with civil rights requirements through or in connection with HUD programs, including Section 18 demolition. Civil rights requirements include, but are not limited to, those outlined at 24 CFR 5.105(a), Title VI of the Civil Rights Act of 1964 and its implementing regulations at 24 CFR part 1, Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, as well as Titles II and III of the Americans with Disabilities Act, and Executive Order 11063 and its implementing regulations at 24 CFR part 107. On July 23, 2020, the San Francisco Region IX HUD Office of FHEO provided a memorandum to the SAC indicating it had reviewed these applications and had no objection to SAC approving these applications.
PHA Plan

Public Housing Authorities (PHAs) must include proposed demolitions and dispositions in a PHA Annual Plan, Significant Amendment or MTW Annual Plan. Qualified PHAs, as defined by the Housing and Economic Recovery Act of 2008 (HERA), must discuss the demolition and disposition at a public hearing, as required by 24 CFR 903.7. HACLA submitted an Agency Annual Plan to the HUD Los Angeles Field Office on October 16, 2019, which includes a description of the proposed demolition and disposition at the property. The HUD Los Angeles Field Office approved the Agency Annual Plan on December 23, 2019.

Previous Removals at the Development

HACLA has not received any previous HUD approvals for removing property from the development.

Description and Proposed Removal Action

The HACLA proposed the demolition of 1 non-dwelling building, 13 dwelling buildings containing 89 dwelling units at Rose Hill Courts portion of Ramona/Rose, CA004000401. Details of the proposed demolition are as follows:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>0-BR</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4+BR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Units</td>
<td>0</td>
<td>*50</td>
<td>286</td>
<td>*199</td>
<td>63</td>
<td>598</td>
</tr>
<tr>
<td>Number of Dwelling Buildings Existing</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Non-Dwelling Buildings Existing</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of (Dwelling and Non-Dwelling) ACC Units in PHA’s Total Housing Inventory for All Developments</td>
<td>6,847</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase I – DDA0010885</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Units</td>
</tr>
<tr>
<td>Number of Dwelling Buildings Proposed</td>
</tr>
<tr>
<td>Number of Non-Dwelling Buildings Proposed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase II – DDA0010888</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Units</td>
</tr>
<tr>
<td>Number of Dwelling Buildings Proposed</td>
</tr>
</tbody>
</table>

* Includes 1 one-bedroom non-dwelling unit and 1 three-bedroom non-dwelling unit

Reason for Action (Justification)

HACLA proposed the demolition based on 24 CFR 970.15, and has certified in the application under PHA Certification in Demolition and Disposition Addendum HUD-52860-A that the property proposed for demolition is obsolete as to physical condition and certified that the proposed development (units or other property) meets the obsolescence criteria of 24 CFR 970.15 as specifically described in this SAC application. HACLA further certified that such obsolescence makes any units proposed for demolition unsuitable for housing purposes and that no reasonable program of modification is cost-effective to return the development to its useful purpose.
HACLA provided a Physical Needs Assessment (PNA) and summary reporting on the condition of the property. According to the summary, the property is showing evidence of termite damage in the structural members. Asbestos and lead have been found at the property. The report also suggests that the property is in need of electrical replacement and would require meeting current seismic requirements required by the local municipality.

The Total Development Cost (TDC) limit for the units proposed for demolition is calculated below. The Department used the TDC applicable at the time of submission of this demolition application.

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>Number of Unit</th>
<th>TDC/Unit</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>26</td>
<td>217,869</td>
<td>$5,664,594</td>
</tr>
<tr>
<td>2-BR</td>
<td>45</td>
<td>263,942</td>
<td>$11,877,390</td>
</tr>
<tr>
<td>3-BR</td>
<td>15</td>
<td>321,984</td>
<td>$4,829,760</td>
</tr>
<tr>
<td>4-BR</td>
<td>3</td>
<td>381,849</td>
<td>$1,145,547</td>
</tr>
<tr>
<td>TOTAL</td>
<td>89</td>
<td></td>
<td>$23,517,291</td>
</tr>
</tbody>
</table>

The HACLA provided an estimate of itemized rehabilitation costs, based upon the existing conditions of the units, which is included in Exhibit - B at the end of this document. SAC made some adjustments to the items and amounts included, which are also shown on Exhibit - B. The HACLA estimated a total of $31,434,867 in rehabilitation costs. After the SAC adjustments, rehabilitation is estimated to cost $13,850,366, which is 58.89 percent of the TDC limit.

**Demolition Cost**

The application states that it will cost approximately $1,225,850, to demolish the subject units at the Rose Hill Courts portion of Ramona /Rose, CA004000401. HACLA’s application stated that the property would be demolished prior to conveyance. Details of the demolition are as follows:

<table>
<thead>
<tr>
<th>PIC Application Number</th>
<th>Phase</th>
<th>Demolition Cost</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDA0010885</td>
<td>I</td>
<td>$424,600</td>
<td>Non-federal refinancing and operational proceeds</td>
</tr>
<tr>
<td>DDA0010888</td>
<td>II</td>
<td>$801,250</td>
<td>Non-federal refinancing and operational proceeds</td>
</tr>
</tbody>
</table>

**Relocation**

When the application was originally submitted to the Department, 87 units proposed for demolition and disposition were occupied (12 families related to DDA0010885 and 75 families related to DDA0010888). HACLA has submitted a certification that it will carry out and implement this removal action including relocation, in conformity with all applicable civil rights requirements.
HACLA estimated cost for the remaining residents includes moving expenses and counseling/advisory services. The details of the relocation plan are as follows:

<table>
<thead>
<tr>
<th>PIC Application Number</th>
<th>Phase</th>
<th>Relocation Begins After Approval in Days</th>
<th>Relocation Cost</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDA0010885</td>
<td>I</td>
<td>90</td>
<td>$145,000</td>
<td>Non-federal refinancing and operational proceeds</td>
</tr>
<tr>
<td>DDA0010888</td>
<td>II</td>
<td>800</td>
<td>$750,000</td>
<td>Non-federal refinancing and operational proceeds</td>
</tr>
</tbody>
</table>

HACLA indicated it plans to request 89 Tenant Protection Vouchers (TPVs) from HUD based on this demolition and disposition approval to assist in relocating residents with Section 8 tenant-based assistance. HACLA indicated it would provide displaced residents with the following counseling and advisory services: Prior to issuing any relocation notices, including a 90-day notice, each household will be personally interviewed to gather information appropriate to determine needs and preferences regarding the temporary move off-site for Phase I tenants and one time move to the newly built Phase I units for Phase II residents.

Description and Proposed Removal Action - Disposition

After demolition, HACLA proposes to dispose of 5.24 acres of the resulting vacant land at the Rose Hill Courts portion of Ramona/Rose, CA004000401. Details of the proposed disposition are as follows:

<table>
<thead>
<tr>
<th>Ramona/Rose, CA004000401</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Land</td>
</tr>
<tr>
<td>Phase I - DDA0010885</td>
</tr>
<tr>
<td>Proposed Land</td>
</tr>
<tr>
<td>Phase II - DDA0010888</td>
</tr>
<tr>
<td>Proposed Land</td>
</tr>
</tbody>
</table>

Disposition Justification

HACLA proposed the disposition based the best interests of PHA and residents and consistent with PHA Plan and 1937 Act and has justified the disposition of the property in accordance with the specific criteria of 24 CFR 970.17(c) and PIH Notice 2018-04.

HACLA proposes to demolish the property in two phases prior to conveyance. HACLA proposes to redevelop the site which will create 185 new residential housing units (183 affordable housing units onsite plus two market-rate managers’ units) in two phases. The redevelopment includes a 6,300 square-foot Management Office/Community Building and a “Central Park” green space, creating a park-like setting for residents. The redevelopment includes ample open space and recreational amenities to promote continued community outdoor use such as outdoor communal space with shaded seating and grills, children’s play areas with tot lots, paved surfaces, and several courtyards. The new affordable community will include a total of 174 parking spaces onsite, with at-grade and tuck-under parking; upgraded lighting,
fencing, signage, and security features; and storm drain and utility improvements. The new sustainably designed buildings are energy efficient and the landscaping includes water efficient irrigation. HACLA seeks to dispose of the property in order to use all available resources to provide sustainable affordable housing options, including low-income housing tax credits and state affordable housing funding sources. HACLA has also assessed the feasibility of converting Rose Hill Courts units under HUD’s Rental Assistance Demonstration (RAD) program, and as a result, has 11 onsite units currently under CHAP which will be newly constructed as part of the Phase I project.

**Property Valuation**

The HACLA submitted an appraisal with the application. Theodore A. Cressner, an independent appraiser, determined the Fair Market Value (FMV) to be $18,600,000, as of January 15, 2020.

**Method of Disposition and Use of Net Proceeds**

The HACLA proposed the disposition via a negotiated ground lease at less than FMV. HACLA will ground lease the underlying property each phase to the applicable partnership (Rose Hill Courts I Housing Partners, L.P., and Rose Hill Courts II Housing Partners, L.P.) commencing upon construction loan closing and continuing for 66 years with three options at HACLA’s discretion to extend by another 11 years for each option, for a total extension of 33 years. At Closing, the Partnership shall acquire the leasehold estate from the Authority by paying the appraised FMV as a Capitalized Lease Payment and $1/year thereafter. HACLA shall make a loan to the Partnership in the amount of the Capitalized Lease Payment and the Partnership shall use the proceeds of the loan to pay the Capitalized Lease Payment. The Carryback Loan shall be repaid through a nonrecourse residual receipts note with a term of 55 years. Based on current appraisal, the FMV for Phase I is $7,100,000 and $11,500,000 for Phase II.

HACLA stated that it will not receive any cash at closing. Based on its position in the waterfall and current economic projections for Phase I, HACLA expects to see residual receipts beginning in Year 8 of operation. Phase II will be similar but HACLA is still working on the projections. For Phase II, in addition to seller carry back acquisition loan, HACLA will also be providing additional gap funding.

**Commensurate Public Benefits**

In accordance with 24 CFR 970.19(d), HUD may authorize a PHA to dispose of property at less than FMV (where permitted by state law) based on a commensurate public benefit to the community, the PHA, or the federal government. HUD determines commensurate public benefit on a case-by-case basis. In its application, HACLA requested that HUD find a commensurate public benefit based on the proposed future use of the property as redevelopment will include a total of 185 residential housing units (183 affordable housing units onsite plus two market-rate managers’ units) in two phases. The redevelopment includes a 6,300 square-foot Management Office/Community Building and a “Central Park” green space. Although the negotiated sale
price is less than FMV, because of the benefits arising from the negotiated sale, it is in the best
interest of the public housing residents and the PHA, and will result in a commensurate public
benefit, as required in 24 CFR 970.19(d).

Resident Consultation

1. Project Specific Resident Organization: None-exists

2. PHA-wide Resident Organization: Housing Authority Resident Advisory Council
   (HARAC)

3. Resident Advisory Board (RAB) in accordance with 24 CFR 903.13: HARAC

24 CFR 970.9(a) requires that an application for demolition/disposition be developed in
consultation with residents who will be affected by the proposed action, any resident
organizations for the development, PHA-wide resident organizations that will be affected by the
demolition/disposition, and the Resident Advisory Board (RAB). The PHA must also submit
copies of any written comments submitted to the PHA and any evaluation that the PHA has made
of the comments. Due to COVID 19 protocols, HACLA held a conference call with the residents
on April 8, 2020 instead of a “in person” meeting. The HACLA included an agenda,
participation list in the application package. HACLA held a conference call with the HARAC on
April 16, 2020. the HACLA provided a copy of the questions and responses.

Offer for Sale to the Resident Organization

24 CFR 970.9(b) (1) of the regulation requires that a public housing agency offer the
opportunity to purchase the property proposed for disposition to any eligible resident
organization, eligible resident management corporation as defined in 24 CFR part 964, or to a
nonprofit organization acting on behalf of the residents, if the resident entity has expressed an
interest in purchasing the property for continued use as low-income housing. HA has chosen not
to provide an opportunity based on the exception found in 24 CFR 970.9(b) (3) (ii) A PHA seeks
disposition outside the public housing program to privately finance or otherwise develop a
facility to benefit low-income families (e.g., day care center, administrative building, mixed-
finance housing under 24 CFR part 905 subpart F, or other types of low-income housing)”. The
Department concurs with the HACLA’s determination that it has complied with the requirements
of 24 CFR 970.9.

Mayor/Local Government Consultation and Board Resolution

As part of the consultation process, HACLA met with the City of Los Angeles Council
District 14 office and associated Neighborhood Councils on multiple dates starting on December
1, 2015 through November 20, 2019 to discuss the redevelopment and demolition disposition
applications. As required by 24 CFR 970.7(a)(14), the application package includes a letter of
support from the Honorable Eric Garcetti, Mayor of the City of Los Angeles, dated April 7,
2020. The last resident consultation was on April 16, 2020. As required by 24 CFR
970.7(a)(13), HACLA’s Board of Commissioners approved the submission of the demolition and
disposition application for the proposed property on April 23, 2020, via Resolution Number 9590.

Approval

Demolition:

The Department has reviewed the application and finds it to be consistent with Section 18 of the Act, and the implementing regulations, 24 CFR part 970, including requirements related to resident consultation. Based upon the review, the Department finds that the requirements of 24 CFR part 970 and Section 18 of the Act have been met, the proposed demolition of the Rose Hill Courts portion of Ramona/Rose, CA004000401 as described in the application and identified below, is hereby approved.

<table>
<thead>
<tr>
<th>Ramona /Rose, CA004000401</th>
<th>DOFA:08/01/1941</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase I - DDA0010885</strong></td>
<td></td>
</tr>
<tr>
<td>Bedroom Size</td>
<td>0-BR</td>
</tr>
<tr>
<td>Approved Units</td>
<td>0</td>
</tr>
<tr>
<td>Number of Dwelling Buildings Approved</td>
<td>5</td>
</tr>
<tr>
<td>Number of Non-Dwelling Buildings Approved</td>
<td>1</td>
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</table>

**Phase II - DDA0010888**

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>0-BR</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4+BR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Units</td>
<td>0</td>
<td>20</td>
<td>45</td>
<td>11</td>
<td>0</td>
<td>76</td>
</tr>
<tr>
<td>Number of Dwelling Buildings Approved</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Disposition:

Based upon the review, the Department finds that the requirements of 24 CFR part 970 and Section 18 of the Act have been met including the requirements for opportunity to purchase the property by the resident organization, the proposed disposition, as described in the application and identified below, is hereby approved as follows:

<table>
<thead>
<tr>
<th>Ramona /Rose, CA004000401</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase I - DDA0010885</strong></td>
</tr>
<tr>
<td>Approved Land</td>
</tr>
<tr>
<td>Total Units to be Redeveloped</td>
</tr>
<tr>
<td>Less than 80% of Area Median Income</td>
</tr>
<tr>
<td>ACC</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>Acquiring Entity (Rental Units)</td>
</tr>
<tr>
<td>Method of Sale</td>
</tr>
<tr>
<td>Lease Price</td>
</tr>
<tr>
<td>Purpose</td>
</tr>
</tbody>
</table>

* The RAD information contained herein is to provide context but does not render an opinion on the RAD application.
### Conditions

The HACLA shall ensure that 185 units of other housing are developed on the property and 172 units are operated as affordable and reserved for families at or below 80 percent of AMI for a period of not less than 30 years. The RAD units are not the subject of this approval and are therefore governed by separate HUD approvals.

These use restrictions requiring that Rose Hill Courts I Housing Partners, L.P., and Rose Hill Courts II Housing Partners, L.P., develop and operate the property as 172 units affordable at incomes at or below 80 percent of AMI for 30 years, must be enforced by use agreements, or other legal mechanisms as determined by the HUD Los Angeles OPH. Such use restriction documents must be recorded in a first priority position against the properties (other than a RAD Use Agreement, if applicable), prior to any financing documents or other encumbrances, and remain in effect even in the event of default or foreclosure on the properties.

- The Rose Hill Courts I Housing Partners, L.P., and Rose Hill Courts II Housing Partners, L.P., shall maintain ownership and operation of the property during the use restriction period. The owner shall not convey, sublease or transfer the property approved for this disposition without prior approval from the HACLA and the Department at any point during the period of use restriction. The forgoing restriction shall not apply to leases with residential tenants for individual dwelling units.
- The use restrictions shall be covenants that run with the land, and shall bind and inure to the benefit of the parties, their successors and assigns, and every party now or hereafter acquiring any right, title, or interest therein or in any part thereof;
- Certain involuntary transfers of the property, such as to a secured lender upon default under the security documents, or pursuant to foreclosure, may occur, with the use restrictions surviving the transfer. Any subsequent transfers shall require prior written approval from the HACLA and HUD; and
- The HACLA is responsible for monitoring and enforcing these use restrictions during the restriction period.
Notwithstanding this approval, the PHA shall not proceed to enter into any long-term ground lease or disposition agreement for a phase until all demolition actions for such phase approved by HUD are complete. The PHA may enter into a long-term ground lease for Phase I following demolition of the Phase I site and before demolition of the Phase II site.

The HUD Los Angeles OPH, with concurrence from the HUD Los Angeles Office of the General Counsel (OGC) must approve all acquiring entities, terms and conditions in the conveyance of real property, whether in whole or in part, described in this approval. If there are previous land and/or use agreements or encumbrances, other than the Declaration of Trust (DOT), disposition approval and release of the DOT does not circumvent or supersede those obligations.

**Other Requirements**

The Department reminds the HACLA that pursuant to 24 CFR 970.21(c)(2), if any of the following types of federal financial assistance is used in connection with the demolition of public housing, the project is subject to section 104(d) of the Housing and Community Development Act of 1974, 42 U.S.C. 5304(d) (as amended), including the relocation payment provisions and the anti-displacement provisions, which require that comparable replacement dwellings be provided within the community for the same number of occupants as could have been housed in the occupied and vacant, occupiable low- and moderate-income units:

- Community Development Block Grant (CDBG) program, 42 U.S.C. 5301 et seq. (including loan guarantees under section 108 of the Housing and Community Development Act of 1974, 42 U.S.C. 5308 et seq.); or

- HOME program, 42 U.S.C. 12701 et seq.

Please contact the HUD Los Angeles OPH for additional guidance, if applicable.

**Operating Subsidy**

Please be aware that in accordance with 24 CFR 990.114, the demolition of these units will affect HACLA’s operating subsidy eligibility. Please contact your Portfolio Manager at the HUD Los Angeles OPH for additional guidance.

**Energy Performance Contracting**

HACLA does not have an approved Energy Performance Contracting (EPC)

**Capital Fund Financing Program (CFFP)**

As of September 8, 2020, HACLA did not have HUD approval of a Capital Fund Financing Program (CFFP) proposal.
**Tenant Protection Vouchers (TPVs)**

Applicable appropriations law and HUD guidance provide that PHAs may be eligible to receive TPVs for dispositions of public housing units that temporarily or permanently remove units from a PHA’s public housing inventory and distinguishes TPVs into two classes:

- **Relocation TPVs:** HUD provides relocation TPVs in cases where the public housing units will be replaced in connection with the disposition. Relocation TPVs assist PHAs with relocating residents and must be offered to displaced residents. Relocation TPVs cannot be reissued by the PHA after the initial resident that received the TPV ends participation in the program. Based on current appropriations law and HUD policy, the maximum number of relocation TPVs that a PHA is eligible to receive is based on occupancy of units on the day of the disposition approval. The PHA’s maximum relocation TPV award identified below.

- **Replacement TPVs:** HUD provides replacement TPVs in cases where the public housing will not be replaced in connection with the disposition and become part of the PHA’s permanent HCV program. Replacement TPVs must be used first to assist displaced residents. Any remaining replacement TPVs can then be issued to families on its waiting list and/or project-based in accordance with all applicable Section 8 rules. Based on current appropriations law and HUD policy, the maximum number of replacement TPVs that a PHA is eligible to receive is currently based on units that were occupied within 24 months from the day the disposition application is approved by HUD. A PHA’s replacement TPV award will not change from the maximum award identified below unless its redevelopment plans change, and it decides to develop replacement public housing units in connection with the disposition. HACLA must keep HUD updated on any changes and submit a request to amend this approval if its redevelopment plan change.

On the date of this approval, 87 units are occupied, and 2 vacant units were occupied within the previous 24 months. HACLA does not intend to redevelop any public housing units at the property. Based on this, HACLA is eligible for maximum TPVs as follows:

<table>
<thead>
<tr>
<th>Type of TPVs</th>
<th>Relocation TPVs</th>
<th>Replacement TPVs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum TPV Award</td>
<td>-</td>
<td>89</td>
</tr>
</tbody>
</table>

HUD will not automatically issue TPVs to the HACLA as part of this approval. Instead, HACLA must apply to HUD separately for TPVs in accordance with PIH Notice 2018-09. HACLA cannot submit the TPV request until it needs the TPVs for purposes of relocating the residents who will be displaced (generally no sooner than 30-60 days from the planned start of relocation). The timing of HACLA’s TPV application submission and the start of relocation noted in this approval should be consistent.

As part of its TPVs request, HACLA must submit the following to the HUD Los Angeles OPH Field Office:

a) The name and IMS/PIC application number of the public housing project in this disposition approval.

b) The number of TPVs requested (subject to the limitations above).
c) Form HUD-52515 (Voucher Funding Application). If lease-up will cover more than one calendar year, HACLA must submit a separate Form HUD-52515 for each calendar year.

d) A leasing schedule that identifies the number of TPVs to be leased on a month-to-month basis. If lease-up will cover more than one calendar year, HACLA must submit separate leasing schedules for each calendar year.

e) A copy of this approval (PDF version - signed and dated).

The HUD Los Angeles Field Office will conduct a threshold review of the TPV request prior to sending the request to HUD’s Financial Management Center (FMC) for a final determination and processing. HUD’s FMC will notify PHAs in writing of their final TPV award.

**PIC and Monitoring - HACLA**

In accordance with 24 CFR 970.7(a)(4), the HACLA provided the following general timetable based on the number of days major actions will occur following approval of the application:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Number of Days after Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DDA0010885</td>
</tr>
<tr>
<td>A</td>
<td>Begin relocation of residents</td>
</tr>
<tr>
<td>B</td>
<td>Complete relocation of residents</td>
</tr>
<tr>
<td>C</td>
<td>Execution of contract for removal (disposition contract)</td>
</tr>
<tr>
<td>D</td>
<td>Actual Removal Action (disposition)</td>
</tr>
</tbody>
</table>

The Department recognizes that a PHA’s plans to start relocation sometimes change. However, because the Department relies on this information to determine Operating Funds subsidy, PHAs are responsible for ensuring the days to relocation information in a SAC application is reasonably accurate. If days to relocation in a SAC application is not reasonably accurate, asset repositioning fee (ARF) payments under 24 CFR 990.190 may begin prematurely and a PHA may receive less Operating Fund subsidy than it otherwise would be entitled to receive. A PHA may even find itself in a situation where it is operating public housing units without any Operating Fund subsidy. Therefore, it is essential that PHAs make timely requests to the Department for any necessary modifications to the days to relocation in a SAC application. Note that after the Operating Fund subsidy revisions deadline in the first year of ARF eligibility, no further changes to the days to relocation in an approved SAC application or HUD-52723 can be made.

If the HACLA becomes aware that the days to begin relocation information (noted in Field A above table - Begin relocation of residents) is not reasonably accurate, the HACLA must send an email to the Director of Los Angeles OPH within five business days, with a copy to the HUD PIH staff member assigned to the PHA using the following Subject “PHA Code, SAC
The HACLA must include the new estimated number for the days to relocation, along with a brief explanation of the reason for the modification. The Los Angeles OPH will review the request to ensure it is reasonable and it has no information that is inconsistent with the request (e.g., information from residents that relocation has started) and that the new estimated days to relocation is not past the Operating Fund subsidy revisions deadline in the first year of ARF eligibility. If the HACLA’s request is acceptable, SAC will modify the days to relocation in the SAC application in IMS/PIC and email the PHA notifying it that it has made the change. SAC processes these modifications as technical corrections and will not issue a formal written amendment to this approval. If the HACLA’s request is not acceptable (e.g., the requested new days to relocation is past the Operating Fund subsidy revisions deadline in the first year of ARF eligibility), the Los Angeles OPH will deny the request in writing. The HACLA must keep adequate records of all relocations (including actual relocation start dates) for purposes of HUD monitoring.

In accordance with 24 CFR 970.35 of the regulation, your agency is required to inform the HUD Los Angeles OPH of the status of the project (i.e., delays, actual demolition/disposition, modification requests or other problems). Within seven days of demolition completion and making the final payment to the demolition contractor, the HACLA must enter the “actual” dates of demolition/disposition, directly into the IMS/PIC data system, Inventory Removals sub-module under “Removed from Inventory” tab for the HUD Los Angeles OPH approval, using the following procedure:

- On the screen, select the appropriate "Development Number", then select "Add Transaction". On the next screen, select the appropriate "Application Number" from the drop-down menu. In the "Action/Closing Date" box, enter the removal date. If the properties in an application were removed on multiple dates, a separate transaction is needed for each action date. The remaining steps are as applicable.
- If removal is by buildings, use “Remove Residential Inventory By Building” section, select the appropriate buildings available in the "Complete Buildings Available" box and transfer them to the "Proposed Buildings" box.
- For removal of some units in a building, use “Remove Residential Inventory By Unit” section. To select the appropriate units available, use the drop-down "Select the building number" box which populates the "Units Available" box. Transfer the appropriate units to the "Proposed Units" box.
- For removal of non-dwelling buildings without PIC building numbers, use “Remove Non-Residential Inventory” section. Fill in the number of non-dwelling buildings without PIC building numbers.
- Save the information using the "Save" button. The status of this information is then displayed as "Draft."
  - HACLA supervisory staff submits the information to the HACLA Executive Director, or the designated final reviewer at the HACLA, using the Submission sub tab. The status becomes "Submitted for Review".
  - The HACLA Executive Director or designee uses the Review sub tab to reject the transaction, which places it in a "Rejected" status, or approves, which places it in a "Submitted for Approval" status.
- If the submission is rejected by HUD, the HACLA may modify the information by repeating the previous procedure. If the transaction is rejected, the status becomes
"Rejected." If the HUD Los Angeles OPH approves the transaction, the status in IMS/PIC permanently changes to "Removed from Inventory (RMI)".

When the demolition/disposition is completed in its entirety, please submit a report to the HUD Los Angeles OPH confirming the action and certifying compliance with all applicable requirements. Auditable financial statements, expenditures and files for each transaction relative to the action must be maintained, available upon request and forwarded with the final report.

The HACLA must retain records of the SAC applications and its implementing actions of HUD’s approval of this SAC applications for a period of not less than 3 years following the last required action of HUD’s approval.

**PIC and Monitoring – OPH**

It is the Los Angeles OPH’s responsibility to monitor this activity based on its latest risk assessment. The Los Angeles OPH must review the relocation change request submitted by HACLA, within 10 business days, to ensure it is reasonable and it has no information that is inconsistent with the request (e.g. information from residents that relocation has started) and that the new estimated days to relocation is not past the Operating Fund subsidy revisions deadline in the first year of ARF eligibility. If the HACLA’s request is acceptable, notify SACTA@hud.gov via an email. The SAC will modify the days to relocation in the SAC application in IMS/PIC and email the HACLA notifying that change has been made. If the HACLA’s request is not acceptable (e.g. the requested new days to relocation is past the Operating Fund subsidy revisions deadline in the first year of ARF eligibility), the Los Angeles OPH will deny the request in writing.

The Los Angeles OPH must verify that the actual data is entered in IMS/PIC by the HACLA within seven days of demolition/disposition and final payment to ensure the Department is not overpaying operating subsidy and the Capital Fund formula data is correct.

When the PHA submits an Inventory Removal action in IMS/PIC, your Office will be notified seeking inventory removal approval via a PIC system generated email to your designated PIC coach or another person. Below is a sample notification email:

“Subject: Inventory Removal Submittal Notification (HA code) Inventory removals have been submitted for approval by your office on [submission date] by [HA Code].”

When the above email is received, your Office is responsible for the review and approval or rejection of the PHA’s Inventory Removal submission within seven days.

The HUD Los Angeles OPH has been informed of this approval and its staff is available to provide any technical assistance necessary for your agency to proceed with the demolition and disposition.
As the HACLA start the process of implementation, I urge you to continue to maintain an open dialogue with your residents and local officials. If you have to modify your plans, please contact the SAC at SACTA@hud.gov. As always, my staff and I are available to assist you in any way possible.

Sincerely,

JANE HORNSTEIN
Jane B. Hornstein
Director

cc: HUD Los Angeles OPH
Enclosure
### Critical and Non-Critical Repairs Report

**Rose Hills Courts**

<table>
<thead>
<tr>
<th>UFC</th>
<th>Location Description</th>
<th>Cost Description</th>
<th>Lifespan (EUL)</th>
<th>EAge</th>
<th>RUL</th>
<th>Quantity</th>
<th>Unit Cost *</th>
<th>Subtotal</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Deficiency Repair Estimate</th>
<th>SAC revised PNA</th>
<th>SAC Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1012</td>
<td>Structure</td>
<td>Seismic Upgrade to Current Code, Install Bolting, Shear Walls, Diaphragms</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>78308 SF</td>
<td>$16.82</td>
<td>$1,317,022</td>
<td>$1,317,022</td>
<td>$1,317,022</td>
<td>$0</td>
<td></td>
<td>No specific Structural deficiency report attached</td>
<td></td>
</tr>
<tr>
<td>B1019</td>
<td>Structure</td>
<td>Termite Damage, Demolition, Disposal, Replace Framing, Restore Finishes, Treat As Necessary</td>
<td>25</td>
<td>25</td>
<td>0</td>
<td>78308 SF</td>
<td>$178.60</td>
<td>$13,985,809</td>
<td>$13,985,809</td>
<td>$13,985,809</td>
<td>$2,797,162</td>
<td>$13,985,809</td>
<td>No specific Structural deficiency report attached. Extensive termite damage was observed throughout down units 3 and 14, with various walls and floors exposed and serious widespread damage observed throughout various structural elements. Additional evidence of suspect termite damage was observed in unit 18 (stairwell handrail) and 49 (creaking/soft kitchen floor). Although no other widespread structural damage was readily visible in other units due to concealment of walls and floors, the maintenance staff reported that termites have been an ongoing problem and the mounting evidence suggests that the wood-destroying pests may</td>
<td></td>
</tr>
<tr>
<td>B2011</td>
<td>Building Exterior</td>
<td>Exterior Wall, Stucco, 1-2 Stories, Prep &amp; Paint</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>68000 SF</td>
<td>$3.61</td>
<td>$245,453</td>
<td>$245,453</td>
<td>$245,453</td>
<td>$218,453</td>
<td></td>
<td>No specific Structural deficiency report attached</td>
<td></td>
</tr>
<tr>
<td>B2011</td>
<td>Structure</td>
<td>Beam End Repair &amp; Refinishing, Repair &amp; Refinish</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>54 EA</td>
<td>$1,439.33</td>
<td>$77,724</td>
<td>$77,724</td>
<td>$77,724</td>
<td>$0</td>
<td></td>
<td>No specific Structural deficiency report attached</td>
<td></td>
</tr>
</tbody>
</table>

3/31/2020
<table>
<thead>
<tr>
<th>B2021</th>
<th>Building Exterior</th>
<th>Window, Steel 12 SF, 1-2 Stories, Historic Element, Replace/Refurbish</th>
<th>30</th>
<th>30</th>
<th>0</th>
<th>614</th>
<th>EA</th>
<th>$2,182.68</th>
<th>$1,340,166</th>
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<th>$1,192,748</th>
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<tbody>
<tr>
<td>B2032</td>
<td>Building Exterior</td>
<td>Exterior Door, Steel, Replace</td>
<td>40</td>
<td>32</td>
<td>8</td>
<td>200</td>
<td>EA</td>
<td>$1,436.71</td>
<td>$287,342</td>
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<td>$287,342</td>
<td>$255,734</td>
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<tr>
<td>B2035</td>
<td>Building Exterior</td>
<td>Exterior Door, Metal Wire Mesh, Replace</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>200</td>
<td>EA</td>
<td>$564.00</td>
<td>$112,800</td>
<td>$112,800</td>
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<td>Roof, Built-Up, Replace</td>
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<td>Apartment Units</td>
<td>Apartment Renovations, 1-Bedroom, Renovate ADA Improvements</td>
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<td>10</td>
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<td>Throughout Buildings Natural Gas Line, Interior, Replace</td>
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<td>Unit Kitchens Counter, Plastic Laminate, Per Apt, Replace</td>
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<td>Apartment Units Asbestos Abatement, , Containment Setup and Removal of ACBM Materials</td>
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Totals, Unescalated (*Markup/Location Factor [1.128] has been included in unit costs) $24,681,926 $478,128 $293,280 $25,453,334 $11,124,792
Contractor General Requirements 6% $1,527,200 $667,488
General Contractor Overhead - 2% $509,067 $222,496
General Contractor Profit - 6% $1,527,200 $667,488
Arch/Eng Design Fees - 12% $1,145,400 $509,067
5.5% allowed
Contingency - 10% $1,272,667 $556,240 5% allowed
Total Cost $31,434,867 $13,850,366
EXHIBIT D

Sustainability Plan

[attached]
### Exhibit D
Sustainability Plan

<table>
<thead>
<tr>
<th>Project Design Features</th>
<th>GHG-PDF-1</th>
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<tr>
<td>Energy Conservation and Efficiency</td>
<td>Project design will provide an energy efficiency exceeding Title 24, Part 6, California Energy Code baseline standard requirements, based on the 2016 Building Energy Efficiency Standards requirements.¹</td>
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</table>

<table>
<thead>
<tr>
<th>GHG-PDF-2</th>
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<tbody>
<tr>
<td>Use of high-efficiency Energy Star appliances, where appropriate.</td>
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</table>

<table>
<thead>
<tr>
<th>GHG-PDF-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion of water conservation measures in accordance with the Los Angeles Department of Water and Power requirements for new development in the City of Los Angeles (e.g., high-efficiency fixtures and appliances, weather-based irrigation systems, drought-tolerant landscaping).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG-PDF-4</th>
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</thead>
<tbody>
<tr>
<td>Use of drought-tolerant plants and indigenous species, stormwater collection, permeable pavement wherever possible, and stormwater filtration, storage and re-use for landscaping.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG-PDF-5</th>
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</thead>
<tbody>
<tr>
<td>Use of high-efficiency toilets, including dual-flush water closets, as appropriate.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG-PDF-6</th>
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</thead>
<tbody>
<tr>
<td>Use of high-efficiency showerheads at 1.5 gallons per minute. Install no showers with multiple showerheads.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG-PDF-7</th>
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</thead>
<tbody>
<tr>
<td>Use of high-efficiency Energy Star appliances, where appropriate.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG-PDF-8</th>
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</thead>
<tbody>
<tr>
<td>Use of weather-based irrigation controller with rain shutoff,</td>
</tr>
<tr>
<td>Section</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>Water Conservation</td>
</tr>
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<td>Water Quality</td>
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<td>Water Quality</td>
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<tr>
<td>Air Quality</td>
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</table>
EXHIBIT E

Section 3, Local Hire, Nondiscrimination and Equal Opportunity Requirements

1. Local Hire and Section 3 Requirements. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, as amended and the Section 3 regulations set forth in at 24 CFR Part 135 (collectively, “Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. With respect to hiring for pre-development, construction and post construction job opportunities, the Developer shall use good faith efforts to fulfill, to the greatest extent feasible, the local hiring and contracting minimum numerical targets pursuant to its Construction and Post Construction Local Hiring and Section 3 Contracting Plan, in accordance with Section 3, and negotiated in accordance with the Authority’s Section 3 Guide and Compliance Plan (“Section 3 Guide”), attached to this Exhibit as Attachment 1, by hiring Section 3-qualified residents, as more particularly described in Section 1.a below (“Section 3 New Hire Requirements”). The Developer shall also use good faith efforts to ensure to the greatest extent feasible that a minimum number of work hours performed on the Development shall be performed by Section 3 Residents (defined at 24 CFR section 135.5), as more particularly described at 1.a below (“Section 3 Work Hour Requirements”).

For purposes of this Exhibit, the term “Local Hiring Requirements” shall mean the Section 3 New Hire Requirements and Section 3 Work Hour Requirements. Construction and post construction job opportunities created as a result of the Development shall be interpreted consistent with the HUD Section 3 definitions of “Employment opportunities generated by Section 3 covered assistance” and “New Hire,” as set forth at 24 CFR section 135.5, and may include, without limitation, employment opportunities, whether part-time or full-time, and/or training or apprenticeship opportunities, and are expected to be available in a range of fields from administration to construction.

a. Section 3 New Hire and Section 3 Work Hour Requirements. The Developer agrees to meet the Section 3 New Hire Requirements such that, at a minimum, thirty percent (30%) of the new pre-development, construction, and post-construction job opportunities generated by the Development shall be set aside, to the greatest extent feasible, for Section 3 Residents (as defined in 24 CFR section 135.5). Pursuant to the Section 3 regulations, specifically 24 CFR section 135.34(a)(2), and notwithstanding the priorities set forth in Section III.E of the Section 3 Guide, the Developer shall meet the Section 3 New Hiring Requirements in the following order of priorities among eligible applicants competing for particular jobs; provided, that, notwithstanding the following priorities, the goals set forth herein may be satisfied with any combination of hires regardless of the priority of category such hires may fall within: (1) current residents of Rose Hill Courts, (2) qualified Section 3 Residents of the Northeast Los Angeles neighborhood, (3) participants in HUD’s Youthbuild programs in the City of Los Angeles; and (4) income qualified Section 3 Residents living in the City of Los
Angeles, all to the greatest extent feasible. Additionally, the Developer agrees to meet the Section 3 Work Hour Requirements such that, at a minimum, ten percent (10%) of total work hours performed on construction work on the Development shall be performed, to the greatest extent feasible, by Section 3 Residents, according to the hiring priorities set forth herein. The Developer shall include the Section 3 Hiring and Work Hour Requirements in all subcontracts and ensure compliance by its contractors, and subcontractors under its authority performing work related to the Development.

b. Section 3 and MBE/WBE Contracting Requirements. To meet Section 3 Business Concern Contracting Requirements, the Developer shall use good faith efforts to award to the greatest extent feasible at least (i) ten percent (10%) of the total dollar amount of building trades work for all construction contracts and (ii) three percent (3%) of the total dollar amount of all non-construction contracts to Section 3 Business Concerns, as such term is defined in the Section 3 Regulations. Furthermore, the Developer shall include the Section 3 Clause, set forth in 24 CFR Part 135.38 and attached to this Exhibit as Attachment 2, in all subcontracts and ensure compliance by its contractors and subcontractors under its authority performing work related to the Development. In addition, the Developer shall use good faith efforts to ensure to the greatest extent feasible that Small, Minority, Women’s, and Resident Business Enterprises participate in contracting and subcontracting, pursuant to the efforts attached to this Exhibit as Attachment 3.

2. Construction Local Hiring and Section 3 & MBE/WBE Contracting Plan. The Developer shall prepare a plan for meeting the Section 3 New Hire Requirements, Section 3 Work Hour Requirements, and the Section 3 and MBE/WBE Contracting Requirements described herein during the pre-development and construction phases of the Development ("Construction Local Hiring and Section 3 Contracting Plan") which will include a Compliance Schedule for meeting its minimum numerical employment targets, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting. The Plan shall be submitted to the Authority for its reasonable approval prior to commencing work. The Construction Local Hiring and Section 3 Contracting Plan shall remain in effect until the Development achieves substantial completion.

a. Compliance. The Developer shall submit to the Authority’s Section 3 Compliance Administrator or designee (the “Compliance Administrator”) the Section 3 reporting forms required under the Section 3 Guide in accordance with the Reports Submission Schedule attached to this Exhibit as Attachment 4, unless otherwise mutually agreed to by the parties (the “Section 3 Reports”). Within forty-five (45) business days of receipt of complete and accurate Section 3 Reports, the Compliance Administrator shall notify the Developer of any actual deficiencies in meeting its hiring and subcontracting commitments that could lead to a declaration of default to afford the Developer a reasonable opportunity to cure. In the event of a reasonable determination by the Compliance Administrator that the Developer has failed to cure following a reasonable opportunity to do so, which in no event shall exceed forty-five (45) business days, in lieu of the penalties for noncompliance set forth in Article X.B of the Section 3 Guide, the Developer shall be subject to default penalties calculated as follows:

i. Failure to meet Section 3 New Hire Requirements: Penalties in the
amount of Forty-Five Dollars ($45.00) per person hour of the shortfall in Section 3 hiring (for example, if 3,000 person hours were expended on newly hired workers during the course of a given week for the Development, then of those 3,000 hours, 900 must be worked by Section 3 residents; if Section 3 residents worked only 600 hours, and the contractor did not demonstrate good faith compliance efforts to the satisfaction of the Authority, then penalties would be due in the amount of $45.00 multiplied by the 300-person-hour shortfall, or $13,500), assessed upon completion of the Development and payable to the Authority upon demand;

ii. In addition, penalties will be regarded by the Authority as poor past-performance and may be grounds for determining that a contractor is non-responsible and ineligible for award of future contracts.

The General Contractor’s compliance with the Construction Local Hiring and Section 3 Contracting Plan and achievement of HUD numerical goals will constitute good faith efforts and compliance with the applicable Local Hiring Requirements and Section 3 Contracting Requirements.

The Developer shall bear the cost of resources necessary to track compliance with Local Hiring and Section 3 Contracting Requirements incurred by the Authority by paying to the Authority a one-time fee of Forty Thousand Dollars ($40,000).

3. Post-Construction Local Hiring and Section 3 Plan. The Developer shall submit pursuant to the Ground Lease a post-construction plan (the “Post-Construction Local Hiring and Section 3 Contracting Plan”) for reasonable approval by the Compliance Administrator. The Post-Construction Local Hiring and Section 3 Plan shall be in effect immediately following expiration of the Construction Local Hiring and Section 3 Contracting Plan and shall last for the duration of the Ground Lease and shall cover all post-construction employment and Section 3 Business contracting opportunities generated by the Development.

a. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet the post-construction Local Hiring Requirements, Section 3 Contracting Requirements and Good Faith Efforts, the Developer shall submit to the Compliance Administrator on an annual basis the Section 3 reporting forms then-required and as applicable under the Section 3 Guide (the “Post-Construction Section 3 Reports”). Within forty-five (45) business days of receipt of complete and accurate Post-Construction Section 3 Reports, the Compliance Administrator shall notify the Developer of any actual deficiencies that could lead to a declaration of default to afford a reasonable opportunity to cure. In the event of a reasonable determination by the Compliance Administrator that the Developer has failed to cure following a reasonable opportunity to do so, which in no event shall exceed forty-five (45) business days, the Authority will pursue remedies available to it pursuant to this Agreement or other agreements between the Authority and the Developer. The penalties for noncompliance set forth in Article X.B of the Section 3 Guide do not apply to Post-Construction Local Hiring compliance.

4. The Local Hiring and Section 3 Contracting Requirements and reporting forms may be amended from time to time to remain in compliance with regulatory changes as adopted by the U.S. Department of Housing and Urban Development (“HUD”), but only to the extent
reasonably required by HUD.

5. Notwithstanding anything to the contrary contained in these Local Hire and Section 3 Requirements, exercise of good faith efforts to comply, to the greatest extent feasible, with the numerical targets set forth herein for the pre-development, construction, and post-construction phases of the Development will constitute satisfaction of all obligations hereunder regardless of whether such numerical targets are actually achieved. Efforts which demonstrate good faith include, but are not limited to, those stated in Section III.D. of the Section 3 Guide, attached to this Exhibit as Attachment 1.
ATTACHMENT 1 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS

Section 3 Guide and Compliance Plan (v2)

[attached]
ROSE HILL COURTS PHASE I
CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN

Introduction & Commitment

R.D. Olson Construction (“RDO”) is committed to the success of the Rose Hill Courts Phase I (“Project”) Section 3 and Local Hiring goals as set forth in the Housing Authority of the City of Los Angeles (HACLA)’s Section 3 Guide and Compliance Plan and related agreements between Related and HACLA. The Construction Local Hiring and Section 3 Contracting Plan (Section 3 Plan) will be overseen by Rose Hill Courts I Housing Partners, L.P. (“Owners”). The Owner will be responsible for monitoring RDO’s Section 3 progress and achievements.

RDO agrees to meet the Section 3 New Hire Requirements such that, at a minimum, thirty percent (30%) of the new construction job opportunities generated by the Project will be set aside, to the greatest extent feasible, for Section 3 Residents (as defined in 24 CFR section 135.5). Pursuant to the Section 3 regulations, specifically 24 CFR section 135.34(a)(2), and notwithstanding the priorities set forth in HACLA’s Section 3 Guide Section III.E.

RDO will meet the Section 3 New Hiring Requirements in the following order of priorities among eligible applicants: (1) current residents of Rose Hill Courts (P1), (2) qualified Section 3 Residents of the Northeast Los Angeles neighborhood (P2), (3) participants in HUD’s YouthBuild programs in the City of Los Angeles (P3); and (4) income qualified Section 3 Residents living in the City of Los Angeles (P4), all to the greatest extent feasible.

Additionally, RDO agrees to meet the Section 3 Work Hour Requirements such that, at a minimum, ten percent (10%) of total work hours performed on the Project will be performed, to the greatest extent feasible, by Section 3 Residents, according to the hiring priorities set forth by HACLA. RDO will include the Section 3 Hiring and Work Hour Requirements in all subcontractor contracts and will ensure compliance by its subcontractors and all parties under its authority performing work related to the Project.

To meet Section 3 Business Concern Contracting Requirements, RDO will, to the “greatest extent feasible,” award at least ten percent (10%) of the total dollar amount of building trades work for the Work under the General Contract (dated XX/XX/2021) to Section 3 Business Concerns, as such term is defined in the Section 3 Regulations. Furthermore, RDO will include the Section 3 Clause, set forth in 24 CFR Part 135.38, in all subcontractor contracts and will ensure compliance by its subcontractors and all parties under its authority performing work related to the Project. RDO will use good faith efforts to ensure to the greatest extent feasible that Small, Minority, Women’s, and Resident Business Enterprises participate in contract and subcontracting.

RDO acknowledges that Section 3 enterprises are businesses that can provide evidence that meet one of the following criteria: (1) 51 percent or more owned by Section 3 residents, or were Section 3 residents within three years of the date of first hire; or (2) At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents within three years of the date of first hire; or (3) Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to business concerns that meet one of the first two qualifications above.
R.D. Olson Outreach Plan & Implementation

R.D. Olson has contracted with Labor Compliance CA, LLC (“LCCA”), a HUD Registered Section 3 business concern and is a sister company to TPM Labor Compliance Services, to implement the below plan. LCCA’s local hire coordinator (“Coordinator”) for the Rose Hills Court Phase I is Frank Marsala. The Coordinator has extensive experience with targeted hiring on HACLA’s redevelopment of the Dana Strand and Jordan Downs properties.

The following section will describe RDO’s Outreach Plan & Implementation process:

1. **Meet with HACLA staff to confirm their goals, requirements and attend a local hire orientation**: RDO will meet with HACLA Section 3 staff to review and confirm the Project’s Section 3 and Local Hire requirements.

   RDO intends to work with HACLA’s Watts WorkSource Center and the Northeast Los Angeles WorkSource Center to ensure that the Rose Hill Courts residents, Northeast Los Angeles residents, Youth Build participants and other Section 3 Residents in the City of Los Angeles are informed about the Project and its employment opportunities at the Project site.

2. **Identify hiring requirements at the subcontractor preconstruction conference process**: Assessing upfront employment needs begins at the subcontractor preconstruction conference. The Coordinator will distribute HACLA Section 3 Form 1: Declaration of Understanding, Form-2: Section 3 Business Concern Certification, and Form-4: Section 3 Economic Opportunities Plan to all prospective subcontractors.

   At the preconstruction / post award conference the Project’s Section 3 and Local Hire goals will be conveyed in writing and presented to the prospective bidders. Section 3 forms, along with a Section 3 Goals presentation, will be provided to the subcontractors, followed by a Q & A session. The Coordinator will present the material using HACLA’s Section 3 resources.

   Forms 1, 2, & 4 will be collected and submitted to RDO’s contracting team to establish selection of best fitted subcontractors for Section 3 goal attainment.

3. **Jobs forecasting assessment**: An assessment will be created based upon the subcontractors’ Form-4. A summary worksheet will be submitted to RDO’s project management team that identifies the number of positions required for each company to fulfill the contracted work scope. The intent is to evaluate the prospective bidder’s HR processes from field staff to backend administration.

4. **HACLA, WorkSource Centers, and Neighborhood Outreach**: Coordinator will establish relationships with the Northeast Los Angeles WorkSource Center, HACLA Watts Los Angeles WorkSource Center, and HACLA Section 3 Representative. The Coordinator will introduce job opportunities with the WorkSource centers and will collaborate on recruitment processes. The Coordinator will tap into the existing client/job databases to help merge existing resource capabilities to the Project job opportunities. The Coordinator will also share the approved HACLA Section 3 and Local Hire Commitment Plan accordingly.

Approved: 04/01/2021
Upcoming job opportunities will be posted at the jobsite and information flyers will be distributed to the WorkSource Centers to inform Section 3 residents of potential job opportunities. Additionally, flyers will be posted on the Project’s Facebook page maintained by the Owner.

5. **LocalHIRE.us Platform**: LocalHIRE.us is a proprietary website that will be used by the Coordinator to present Project information, post job opportunities, and collect a list of prospective candidates. The primary purpose of LocalHIRE.us is to connect qualified local area residents to construction employment opportunities, including those who may face barriers to employment.

LocalHIRE.us has database capabilities that establish an online job opportunity list for both job seekers and for RDO’s subcontractor base. Prospective job seekers identify their construction skillsets and provide their contact information for the Coordinator to follow-up. The LocalHIRE.us job seekers will be contacted and an on-line meet & greet will be held.

The meet and greet sessions will be hosted by the Coordinator and the LocalHIRE.us applicants will be briefed on the HACLA WorkSource Center / Northeast LA WorkSource Center process for HACLA list placement. The data collected will be shared with the WorkSource Centers and HACLA for further vetting before the list is provided to the subcontractors seeking Section 3 local workers.

As subcontractors are awarded contracts, the Coordinator will review Form 4 to identify specific trades performed by these contractors and their hiring needs. The Coordinator will work with subcontractors to determine hiring requirements for job posts. The Coordinator will convey all job posts to HACLA Section 3 Representative, HACLA Watts WorkSource Center & Northeast LA WorkSource Center.

6. **Placement of Qualified Workers and Section 3 Local Subcontractors**: Coordinator will work with RDO to assist with its Section 3 contracting obligation. RDO will negotiate in good faith with Section 3 Businesses and will not unjustly reject bids prepared by any firm. RDO will review contract scopes of work for the purpose of subcontracting with Section 3 firms. Where possible, RDO will break out contract work items into economically feasible units to facilitate Section 3 participation based upon the subcontractor’s qualifications, workforce composition, bonding and insurance capacities.

Coordinator will assist RDO with the pre-construction on-boarding conferences to ensure subcontractors fully understand their obligation to comply with Section 3 Business subcontracting requirements. RDO and Coordinator will require selected subcontractors, at every tier, to submit specific Section 3 hiring and subcontracting commitments prior to work commencement.

Coordinator will assist selected first tier subcontractors in identifying lower tier Section 3 firms to help meet the Section 3 Business contracting goals. Follow-up meetings will also be held with subcontractors on an as-needed basis to assist with preparing reports and other related project documents.

LCCA will track employment hiring and work with contacts at the HACLA’s Watts WorkSource Center and Northeast LA WorkSource Center to see what economic on-the-job training funds may be available to help subcontractors with training and equipment needs through workforce investment funds. Additionally, LCCA will work close with HACLA Section 3 Representative and the HACLA Watts WorkSource Center to identify P1, P2, and P4 candidates. Our Section 3 coordinator will work with...
the Northeast Los Angeles WorkSource Center to identify P2 candidates that will be reverse referred back to HACLA for vetting and preparation for job placement.

Our Section 3 coordinator will collaborate with HACLA’s Watts WorkSource Program Director and Workforce Development Specialist, to identify pre-existing lists of community-based pre-apprenticeship candidates for P3 recruitment. An additional P-3 outreach engagement will be established in consultation with CCEO YouthBuild to determine viable resources for YouthBuild prospective participation. Subcontractors will receive YouthBuild documentation for employment consideration.

7. **Good Faith Effort Documentation**: RDO will provide a complete good faith effort package at the end of the project with copies of all Section 3/SBE/MBE/WBE Business names, contact persons, addresses, phone numbers, and dates of all Section 3/SBE/MBE/WBE Businesses that were solicited for the project or have submitted inquiries. Copies of solicitation letters and faxes will be included as a part of the Form-4: Section 3 Economic Opportunity Plan. All solicitation letters, telephone logs, follow-up contacts, and responses received from Section 3 Businesses and organizations will be documented.

The exercise of good faith efforts to comply, to the greatest extent feasible, with the numerical targets set forth herein for the construction of the Project will constitute satisfaction of all obligations hereunder regardless of whether such numerical targets are actually achieved.

8. **Section 3 Hiring Review Meetings**: Coordinator and RDO will meet internally and periodically to review the plan and hiring goals. These meetings will cover areas of success and improvement to the existing plan. Hiring processes, subcontractor participation, and WorkSource Center feedback will be covered. Each meeting will be geared towards providing the construction team with a report on progress of employment opportunities and job fulfillments.

9. **Reporting Data Preparation & Compliance Reporting**: LCCA will monitor, track, and prepare required reports using certified payroll reports and applicable Section 3 forms. Coordinator will work with HACLA to pull job creation data and placements. Coordinator will draft reports for RDO/Owner’s review and submit to HACLA’s Section 3 Compliance Administrator via email as required below:

- **Contractor/Subcontractor HACLA Reports**: Forms 1, 2, 3, 4, & 6 will be processed at time of contracting.
  - Form 1, 2, 4 – Will be submitted by subcontractors prior to contract execution. Form 4 will clearly state new hires committed.
  - Form 6 – Will be submitted to HACLA for assistance in referring Section 3 residents. When feasible, the job order will be submitted to HACLA 10-14 days prior to start date so HACLA will have enough time to recruit, refer and allow sub to conduct interviews.
  - Form 3 – Once a Section 3 resident is hired, the employee and employer will complete the form, which will be submitted to HACLA.

- **Monthly Report**
  - Form 5 – Monthly reporting form for subcontractors. Since these reports are cumulative, the subs will add additional data each month. Subs who do not perform during a reporting month will not submit this form. While HACLA does not necessarily require Form 5 to be submitted on a monthly basis, RDO will use to prepare monthly report. HACLA will request only the final Form 5 from the subs upon completion.
  - RDO monthly updates on project progress.
• **Quarterly Report** – RHC Section 3 Compliance Report Form (in excel format) will be submitted to HACLA on a quarterly basis. This is a cumulative report, hence each report will have updated numbers.

• **Project Closeout** – Final Section 3 Compliance Report and support documentation of efforts made will be submitted at the end of construction.
Let’s get to work!

Section 3 Guide and Compliance Plan (V2)
SECTION 3 GUIDE AND COMPLIANCE PLAN

I. INTRODUCTION

A. Section 3 Regulation

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 135, hereinafter, "Section 3"), as amended, requires that economic opportunities generated by the receipt of certain funding from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development programs shall, to the greatest extent feasible, be given to low and very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons (collectively, “Section 3 Beneficiaries”).

B. HACLA Policy

It is the intent and policy of the Housing Authority of the City of Los Angeles ("HACLA") to fully comply with Section 3 and to require its Contractors undertaking contracts to which Section 3 applies to demonstrate good faith effort to comply, to the greatest extent feasible, with Section 3 and the responsibilities described under this Section 3 Guide and Compliance Plan (this “Plan”) by providing economic opportunities to Section 3 Beneficiaries.

C. Applicability

The requirements set forth in this Plan arise when HACLA utilizes Section 3 Covered Assistance for a Section 3 Covered Project or Section 3 Covered Contract, as those terms are defined here. HACLA reserves the right to impose upon Contractors requirements that go beyond the requirements of Section 3 and this Plan when deemed in the best interest of HACLA.

D. Purposes of this Guide and Compliance Plan

The purpose of this Plan is to assist Contractors in understanding their Section 3 obligations so that they can be successful in meeting these responsibilities. This purpose is accomplished through the guidance and instruction provided in the Plan, in other Section 3 materials and publications provided by HACLA, and assistance provided by HACLA’s Section 3 Compliance Administrator. HACLA has developed and continues to develop programs and procedures, all as necessary to implement this Plan in order to realize the goals of Section 3. This Plan shall remain in effect for so long as it remains consistent with federal regulations or until changed by HACLA.

E. Part 135 Amendments and Conflicts

Amendments to 24 CFR Part 135 shall apply to this Plan as of the effective date of the updated regulation. Where provisions of this Plan conflict with 24 CFR Part 135, the latter shall prevail.
II. DEFINITIONS

The following terms used throughout this Plan have the following assigned meanings.

“Contractor” means any person or entity that enters into a contract with HACLA, and includes the plural form “Contractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract. Contractor also refers to service providers, vendors and developers.

“HACLA” means the Housing Authority of the City of Los Angeles.

“HUD” means the United States Department of Housing and Urban Development.

“IFB” means an Invitation for Bids, which is a procurement methodology that typically awards a contract to the lowest cost bidder, provided that the bidder meets certain minimum criteria.

“Los Angeles Metropolitan Area” means the metropolitan statistical area (MSA) established by the Office of Management and Budget as the Los Angeles-Long Beach-Glendale Metropolitan Area.

“Metropolitan Area” means a metropolitan statistical area established by the Office of Management and Budget, and includes its plural form “Metropolitan Areas.”

“New Hire” means a full-time employee hired on a permanent, temporary or seasonal basis as a direct result of a Contractor’s/Subcontractor’s contractual obligation in connection with a Section 3 Covered Project, and includes its plural form “New Hires.” An employee who was on a Contractor’s/Subcontractor’s payroll on or prior to award of the Section 3 Covered Contract shall not be counted towards the Contractor’s/Subcontractor’s numerical goals under Section III.B herein.

“Nonmetropolitan county” means any county outside of a Metropolitan Area.


“Section 3 Beneficiaries” refers, collectively, to Section 3 Business Concerns and Section 3 Residents.

“Section 3 Business Concern” means a business entity authorized to engage in the type of business activity for which it was formed, and which satisfies one or more of the following criteria: (i) at least fifty-one (51) percent of the business is owned by one or more Section 3 Residents; (ii) at least thirty (30) percent of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employed with the business; or (iii) a business that provides HACLA sufficient evidence of its commitment to subcontract more than twenty-five (25) percent of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns.
“Section 3 Covered Assistance” means financial assistance received from HUD or any other federal agency, receipt of which triggers the obligations that arise under Section 3.

“Section 3 Covered Contract” means a contract entered into directly with HACLA or a subcontract (including a professional service contract) awarded to a Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project, and includes its plural form, “Section 3 Covered Contracts.” It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Covered Project” means a project funded using Section 3 Covered Assistance and includes construction related projects involving the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and the construction and reconstruction of buildings and improvements and non-construction related projects. It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Resident” means: (i) public housing resident or (ii) a low or very low income person who lives in the Los Angeles Metropolitan Area of the Section 3 Covered Project and who has a household income that does not exceed HUD’s income limits, as described in the most current version of HUD’s Income Eligibility Guidelines. Includes its plural form, “Section 3 Residents.” Income limits are subject to change annually. Current income limits may be accessed on HACLA’s website at www.hacla.org/s3residentresources and on HUD’s link at http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3.

“Subcontractor” means any person or entity (other than a person who is an employee of the Contractor) that contracts with a Prime Contractor on a Section 3 Covered Project, and includes its plural form “Subcontractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract.

III. GOALS

The goals set forth in this section apply to all Section 3 Covered Contracts awarded by HACLA in any fiscal year.

A. HACLA’s Numerical Goals

1. HACLA shall, to the “greatest extent feasible,” provide economic opportunities to Section 3 Beneficiaries.

2. Under HUD regulations, HACLA may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. At least 30% of the aggregate number of New Hires to be directed to Section 3 Residents.
b. At least ten percent (10%) of the total dollar amount of all contracts awarded by HACLA for building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

c. At least three percent (3%) of the total dollar amount of all nonbuilding trades work related Section 3 Covered Contracts awarded by HACLA should be awarded to Section 3 Business Concerns.

B. Contractor Numerical Goals

1. Contractors employed on Section 3 Contracts shall, to the greatest extent feasible, provide economic opportunities to Section 3 Beneficiaries.

2. In accordance with Section 3 regulations, Contractors may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. Contractors employed under a Section 3 Covered Contract are expected to achieve an employment level of thirty percent (30%) of all New Hires to be Section 3 Residents and to maintain this percentage throughout the life of the contract. This is HACLA’s preferred method for Contractors to meet their Section 3 obligations. The employment should be meaningful, but it need not be related to the scope of services covered under the contract.

   b. At least ten percent (10%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

   c. At least three percent (3%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with nonbuilding trade work related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

C. Providing Other Economic Opportunities

1. Contractors who are unable to offer training and/or employment opportunities to Section 3 Residents may offer other economic opportunities directed at Section 3 Resident upward mobility and self-sufficiency, such as offering scholarships, and sponsoring enrollment into apprenticeship programs, mentorship programs, and internships.

2. Contractors who are unable to provide subcontracting opportunities to Section 3 Business Concerns may provide and promote mechanisms to create economic opportunities directed at Section 3 Business Concerns, such as scaling of work for purchase of supplies or materials, and/or providing Section 3 Business Concerns with tools to enable them to successfully compete for contracting opportunities, such as bonding and insurance assistance.
D. Contractor Good Faith Efforts

1. Contractors may demonstrate good faith efforts to offer training and employment opportunities to Section 3 Residents by taking such actions as:

   a. Promptly notifying HACLA about training opportunities and available employment positions, including job descriptions;

   b. Utilizing HACLA’s Section 3 Resident Registry to identify job ready Section 3 Residents and informing qualified residents of training opportunities and available employment positions;

   c. Advertising training opportunities, and available employment positions in local media outlets and on appropriate social media platforms;

   d. Prominently displaying a notice of Section 3 commitments and available employment opportunities at the project site and other appropriate places within the project site, such as where applications for training and employment are taken;

   e. Advertising available training opportunities and employment positions by distributing flyers that identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process, to every occupied dwelling unit in one or more of HACLA’s housing developments and posting copies of the flyer in the development’s common areas, including at the community center, the management office and the computer lab as applicable;

   f. Contacting Resident Advisory Councils (RACs) and other resident organizations to inform them of training and available employment positions;

   g. Contacting agencies administering Los Angeles County YouthBuild Programs, and requesting their assistance in recruiting LA County YouthBuild Program participants for training opportunities and employment positions;

   h. Consulting with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with training and recruiting Section 3 Residents for employment positions;

   i. Developing on the job training opportunities;

   j. Keeping a list of Section 3 Residents who apply directly or by referrals for the available jobs;

   k. Contacting local job training centers, worksource centers, and community organizations to inform them of training opportunities, available employment positions and subcontracting opportunities;

   l. Working with labor organizations to set up a Project Labor Agreement (PLA) if feasible, or making similar arrangements for dispatching and training of Section 3 Residents in
order of hiring priority;

m. Sending to labor organizations or representatives of workers with whom the Contractor/Subcontractor has a collective bargaining agreement or understanding, a notice of its Section 3 project commitments; and

n. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 I.

2. Contractors may demonstrate efforts to inform and award contracts to Section 3 Business Concerns by taking such steps as:

a. Contacting businesses listed in HACLA’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see www.hacla.org/forms);

b. Contacting Metropolitan Area businesses listed in HUD’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness);

c. Advertising subcontracting opportunities through trade association publications, local media outlets, on appropriate social media platforms, and at the project site;

d. Notifying business associations, business assistance centers, and other community organizations of contracting opportunities and requesting their assistance in identifying Section 3 Business Concerns to solicit bids or proposals;

e. Establishing or sponsoring programs designed to assist Section 3 Business Concerns to enable them to participate in subcontracting opportunities; and

f. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 II.

3. Contractors who fail to meet these Section 3 numerical goals have the burden of demonstrating, to HACLA’s satisfaction, the reason why compliance was not feasible by providing HACLA with documentation of good faith efforts taken and barriers encountered.

E. Preference for Section 3 Residents in Training and Employment Opportunities

1. In accordance with the guidelines set forth at 24 CFR Part 135.34, unless otherwise provided therein, Contractors performing work under Section 3 Covered Contracts shall direct their efforts to provide, to the greatest extent feasible, new training and employment opportunities to Section 3 Residents in the following order of priority:

a. First priority (P1): Individuals residing in the HACLA owned or managed public housing development where the Section 3 Covered Project is being performed.

b. Second priority (P2): Individuals residing in other HACLA owned or managed public housing developments.
c. Third priority (P3): Other residents of Los Angeles County who are participants of HUD Youth Build Programs being carried out in within the Los Angeles Metropolitan Area or Nonmetropolitan county in which the Section 3 covered assistance is expended.

d. Fourth Priority (P4): Other Section 3 Residents.

IV. SECTION 3 FUND CONTRIBUTIONS

A. Purpose of Fund

HACLA has established a Section 3 Fund to permit Contractors to contribute funding for programs that generate economic and employment opportunities for Section 3 Residents, where the Contractor has demonstrated to HACLA’s satisfaction, that compliance with Section 3 requirements for hiring, subcontracting and providing other economic opportunities is not feasible. Contractor contributions to the Section 3 Fund are considered an option of last resort, as HACLA’s preferred method for Contractors to meet their Section 3 obligations is to satisfy their numerical goals, as expressed herein. HACLA does not accept Contractor contributions to the Section 3 Fund in lieu of compliance with Section 3 or this Plan.

B. Participation in Fund

1. Contractors who, prior to contract award, are unable to satisfy their numerical goals despite demonstrating good faith efforts as outlined above, may, at HACLA’s election, be required to contribute to the Section 3 Fund.

2. Contractors who, following contract award, are unable to satisfy their Section 3 commitments as set forth in their Economic Opportunity Plan (“EOP,” described below) may, at HACLA’s election, be permitted to contribute to the Section 3 Fund and avoid the penalties for default described in section X.B herein, provided the Section 3 Compliance Administrator finds Contractor’s lack of compliance is due to extraordinary circumstances and not due to the Contractor’s lack of good faith compliance efforts or Contractor’s failure to exhaust all feasible alternatives for compliance.

C. Contribution Requirements

1. For construction related Section 3 Covered Projects, Contractor contributions to the Section 3 Fund shall be equal to the lesser of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

2. For non-construction related Section 3 Covered Projects, Contractor contributions shall be equal to the lesser of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

3. Section 3 Fund contributions are based solely on net amount paid to Contractor, excluding shipping fees and taxes. All expenses authorized under the contract, including license fees, labor and materials costs, are subject to Section 3 Fund contribution calculations.
D. Payment Options

1. For construction related Section 3 Covered Projects with contracts of up to one (1) year, Contractors have the option of making contributions in a single up-front payment or making payments on a periodic basis following the receipt of contract payments from HACLA, provided such periodic payments must be in amounts of no less than three percent (3%) of the amount HACLA paid the Contractor for a particular installment.

2. For all contracts exceeding one (1) year, Contractors have the option of making contributions (i) in a single up-front payment at contract commencement based upon the subject year’s contract award value, (ii) in periodic payments of three percent (3%) or greater of each payment received from HACLA, or (iii) at the end of the contract year based upon the actual dollar amount spent by HACLA under the contract for that particular year.

3. Contractors making their Section 3 Fund contribution at the end of contract year shall submit payment in full within thirty (30) days after the receipt of HACLA’s final or year-end payment under the contract.

4. Section 3 Fund contributions for contracts terminated before the contract year end term shall be paid in full at the time of termination.

E. Voluntary Contributions

Contractors may contribute to the Section 3 Fund in discretionary amounts in addition to satisfying their Section 3 obligations.

F. Use of Section 3 Fund Proceeds

1. Section 3 Funds shall only be used by HACLA to further the purpose of Section 3, which are to provide economic and employment opportunities to Section 3 Residents.

2. In support of the purposes of Section 3 and in furtherance of this Plan, Section 3 Funds shall be used for job training, education and employment service programs that are specifically directed at assisting Section 3 Residents find meaningful employment. Such programs include, but are not limited to:

   a. Occupational/trade training programs that provide Section 3 Resident trainees with individualized support to enhance social, vocational and developmental skills; and

   b. HACLA-approved apprenticeship training programs and HACLA-approved pre-apprenticeship training programs designed to prepare Section 3 Resident trainees to enter into and succeed in an approved apprenticeship program.

3. Programs awarded Section 3 Funds will be carefully monitored to ensure effective use and quality of services.
V. SECTION 3 BUSINESS CONCERNS

A. Bid Preference

1. HACLA has adopted a bid preference for Section 3 Business Concerns when awarding Section 3 Covered Contracts utilizing the Invitation for Bids ("IFB") method of soliciting construction and maintenance activities. The bid preference does not apply to materials-only contracts, service contracts or contracts that are procured without the use of federal funds.

2. The bid preference requires that the IFB be awarded to the qualified Section 3 Business Concern with the lowest responsive and responsible bid and highest priority ranking if that bid meets the criteria set forth in the following Bid Preference Table:

<table>
<thead>
<tr>
<th>When the lowest responsive bid is:</th>
<th>Section 3 Business Concern bid is within lesser of:</th>
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</thead>
<tbody>
<tr>
<td>Less than $100,000:</td>
<td>10% of that bid or $9000</td>
</tr>
<tr>
<td>At least $100,000, but less than $200,000</td>
<td>9% of that bid, or $16,000</td>
</tr>
<tr>
<td>At least $200,000, but less than $300,000</td>
<td>8% of that bid, or $21,000</td>
</tr>
<tr>
<td>At least $300,000, but less than $400,000</td>
<td>7% of that bid, or $24,000</td>
</tr>
<tr>
<td>At least $400,000, but less than $500,000</td>
<td>6% of that bid, or $25,000</td>
</tr>
<tr>
<td>At least $500,000, but less than 1 million</td>
<td>5% of that bid, or $40,000</td>
</tr>
<tr>
<td>At least $1 million, but less than $2 million</td>
<td>4% of that bid, or $60,000</td>
</tr>
<tr>
<td>At least $2 million, but less than $4 million</td>
<td>3% of that bid, or $80,000</td>
</tr>
<tr>
<td>At least $4 million, but less than $7 million</td>
<td>2% of that bid, or $105,000</td>
</tr>
<tr>
<td>$7 million or more</td>
<td>1½% of the lowest responsive bid, with no dollar limit</td>
</tr>
</tbody>
</table>

B. Designation as a Section 3 Business Concern

1. Business owners seeking HACLA's designation as a Section 3 Business Concern must submit a Section 3 Business Certification Form (to be provided by HACLA) in their bid/offer package, along with required supporting documentation.

2. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its ownership interest (i.e., at least fifty-one percent (51%) of the business is owned by one or more Section 3 Residents) or the percentage of employees who are or were Section 3 Residents at the time of contract award (i.e., at the time of award, at least thirty percent (30%) of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employment with the business), the certification is valid for three (3) years.

3. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its commitment to subcontract more than twenty-five percent (25%) of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns, HACLA’s certification of the business is valid for the term of the business’ Section 3 Covered Contract.
4. HACLA reserves the right but is not compelled to accept a Contractor’s/Subcontractor’s certification as a Section 3 Business Concern approved by another governmental entity.

5. Certification as a Section 3 Business Concern does not relieve Contractors from their Section 3 obligations, including the achievement of their numerical goals. All Section 3 Business Concerns are required to demonstrate compliance with Section 3 and this Plan.

VI. SECTION 3 RECRUITMENT AND NEW HIRES

Contractors are expected to make good faith efforts to achieve the numerical goals outlined at Section III.B herein, following the Section 3 Resident priority preferences set forth at Section III.E herein. This section provides guidance for the recruitment of New Hires, including New Hires who are Section 3 Residents.

A. Recruitment Efforts

1. HACLA maintains a database of employment-ready Section 3 Residents who meet certain minimum qualifications for various categories of employment. Upon receipt of a completed Section 3 Job Order Form from Contractor/Subcontractor, HACLA will provide referrals of qualified candidates from the database. When reasonably possible, Contractors are expected to provide HACLA with the Section 3 Job Order Form well in advance of project commencement.

2. Upon receipt of a Section 3 Job Order Form, HACLA will refer qualified candidates for interviews for each available position. Contractors are expected to give each New Hire candidate full consideration for available positions.

3. Independent of HACLA’s efforts and referrals, Contractors shall engage in independent employment recruitment efforts following the Section 3 Resident priority preferences set forth at Section III.D herein using the methods and resources identified at Section III.C and others as applicable.

4. Contractors shall submit to HACLA their interview notes, including reasons for denial of employment or training opportunity and any follow up actions to be taken to assist the Section 3 Resident in the future, as applicable.

B. Section 3 Resident New Hires

1. All Section 3 Resident New Hires shall be employees of the Contractor and shall have all the protections afforded to employees under state, federal and local laws. Contractors are expected to impose the same hiring requirements and personnel rules and policies upon Section 3 Resident New Hires as are imposed upon their other employment candidates and employees.

2. Contractors are required to report to HACLA within two (2) business days of hiring Section 3 Residents and shall provide to HACLA a completed Section 3 Resident Certification Form (to be provided by HACLA) for each Section 3 Resident New Hire.
C. Apprenticeship Programs

1. Contractors who employ apprentices to satisfy their numerical goals are required to utilize appropriate apprenticeship programs approved by the federal Department of Labor (“DOL”).

2. Contractors who employ apprentices on construction projects that are subject to the Davis-Bacon Wage Act are required to adhere to all legal requirements for wage rates and ratios of apprentices to journeymen set forth therein.

3. For each apprentice employed on a project, Contractors shall, prior to contract commencement, submit to HACLA apprentice certificates issued by the Department of Labor.

D. Limitations

Contractors/Subcontractors retain the sole discretion and control over any hiring and personnel decisions. HACLA cannot and will not exercise any control over any of the Contractors’ or Subcontractors’ employees, including New Hires, regardless of whether they were referred by HACLA or are Section 3 Residents.

E. Documented Efforts

Contractors shall document efforts taken to recruit and interview Section 3 Residents for hire and shall, upon reasonable request, provide HACLA with documentation that demonstrates such efforts, including interview notes, which shall include reasons for denial of employment or other actions as applicable.

F. Lack of Compliance

A Contractor’s failure to satisfy the requirements of this section may result in HACLA’s determination that the Contractor has failed to demonstrate good faith efforts to comply with the requirements of Section 3 and this Plan, and may subject Contractor to the penalties for default described in section XI.B herein, which include monetary fines and debarment.

VII. REQUIRED SUBMISSION DOCUMENTS

A. Section 3 Economic Opportunity Plans

1. All Contractors awarded a Section 3 Covered Contract and their Subcontractors shall prepare an Economic Opportunity Plan (“EOP”), which provides HACLA a “snapshot” of Contractors’ and Subcontractors’ current workforce, anticipated workforce to complete the project, subcontracting needs and efforts to generate economic opportunities in compliance with Section 3 and this Plan. The specific requirements of the EOP will be included in HACLA’s solicitation for the work.

2. Unless the solicitation specifies otherwise, a Contractor’s EOP shall be submitted to HACLA with Contractor’s bid/offer package. Bids/Offeres submitted by Contractors without an EOP, when required, will be rejected as non-responsive and will not be considered for contract award.
3. Unless the solicitation specifies otherwise, a Subcontractor’s EOP shall be submitted to HACLA prior to commencement of the contract.

4. EOP commitments will be incorporated into the contract. Contractors are responsible for incorporating their EOP commitments in any subcontracts it awards for the contract work.

5. Failure on the part of Contractor/Subcontractors to meet the commitments set forth in Contractor’s EOP may subject Contractor to the penalties for default described in Section X.B herein, including a determination that the Contractor is in material default of the contract.

B. Declaration of Intent to Comply with Section 3 Regulations

1. In addition to the EOP, Contractors awarded a Section 3 Covered Contract and their Subcontractors shall complete a Declaration of Intent to Comply with Section 3 Regulations form (to be provided by HACLA), which shall be submitted with Contractor’s bid/offer package, unless the solicitation specifies otherwise.

2. Bids/Offers submitted by Contractors without completed Declarations, when required, may be rejected as non-responsive and will not be considered for contract award.

C. Section 3 Compliance Summary Report

1. Contractors shall, upon HACLA’s request, provide periodic reports using the Section 3 Compliance Summary Report form (to be provided by HACLA). The report shall include information about New Hires, business subcontracting and supporting documents that reflect Contractor/Subcontractor good faith efforts to satisfy Section 3 requirements and fulfil its Section 3 commitments.

2. HACLA reserves the right to request from Contractor additional compliance documents to support data reported in the Section 3 Compliance Summary Report, and to request such other documents as HACLA deems necessary for clarification and proof of efforts.

VIII. DEVELOPMENT AND REDEVELOPMENT PROJECTS

In recognition that large-scale development and redevelopment projects (i) present a unique opportunity to generate employment and job training opportunities for Section 3 Residents, and (ii) typically involve mixed funding which may impose hiring priorities that differ from those specified in this Plan, HACLA’s Board of Commissioners adopts the following exceptions and requirements for Section 3 Covered Projects that are procured in connection with large-scale development and redevelopment projects that are subject to the Board’s approval.

A. Priorities and Commitments

1. The project’s master development agreement, disposition and development agreement, or similar agreement between HACLA and the developer, may, consistent with 24 CFR Part 135.34, reflect priorities for training and employment opportunities that differ from those
outlined at Section III.E herein.

2. The developer is responsible for submitting to HACLA a detailed Section 3 Economic Opportunity Plan that details its approach, methods and resources to be used to meet and/or exceed HUD numerical goals.

3. The developer’s specific, negotiated Section 3 commitments shall be made applicable to developer’s Contractors, Subcontractors and all other businesses employed on the project. The developer will be held responsible for enforcing Section 3 requirements and project commitments, and for monitoring its Subcontractors’ performance for compliance.

B. Penalties

In the event the developer fails to meet its commitments and can not demonstrate to HACLA’s satisfaction that good faith efforts have been made to fulfil their commitments, it shall be subject to penalties for non-compliance as negotiated in its master development agreement, disposition and development agreement or similar agreement between HACLA and the developer. Shall no such penalty agreement exist, the penalties for non-compliance set forth at Section X.B herein shall apply to the project.

C. Conflicts

Except as expressly set forth herein, Section 3 requirements and this Plan shall apply to the project. In the event of any perceived or actual conflicts between developer’s specific, negotiated Section 3 commitments and the requirements of 24 CFR Part 135 and/or this Plan, HACLA’s determination shall be final and binding.

IX. REQUIREMENTS APPLICABLE TO HUD NOTICE OF FUNDING AVAILABILITY (NOFA) PROGRAMS

The Section 3 compliance requirements at 24 CFR Part 135.9 apply to all HUD Notices of Funding Availability (NOFAs) and shall be imposed in all HACLA NOFA solicitations.

X. COMPLIANCE

A. Reviews for Compliance

1. HACLA may periodically audit Contractors’/Subcontractors’ performance for compliance with the requirements of Section 3 and this Plan, and may conduct periodic project site visits to support such efforts.

2. In connection with an audit for compliance, HACLA reserves the right to request from Contractors/Subcontractors additional reports and information concerning its efforts to comply with requirements of Section 3 and this Plan, and the Section 3 related contract terms and conditions.
B. Penalties for Non-Compliance

1. Contractors who fail to comply with their EOPs or otherwise fail to meet their commitments and obligations arising under Section 3, this Plan or the Section 3 related contract terms and conditions, shall, following notice and a reasonable opportunity to cure (as determined by HACLA in its sole discretion based upon the circumstances), be deemed in material default of their contracts, and may be subject to administrative penalties and/or debarment as follows:

   a. 1st Violation: Administrative penalty of ten percent (10%) of the contract award amount including all amendments.

   b. 2nd Violation: Administrative penalty of additional ten percent (10%) of the contract award amount including all amendments.

   c. 3rd Violation: Debarment, suspension, denial of participation in HACLA contracting or HUD programs in accordance with 24 CFR § 135.74d.

XI. RECORDS RETENTION

HACLA and any of their duly authorized representatives shall, until three years after final payment under the Section 3 Covered Contract, have access to and the right to examine any Contractor or Subcontractor directly pertinent books, documents, papers, or other records concerning Section 3 outreach efforts and commitments for the purpose of making audit, examination, excerpts, and transcriptions.

XII. RESOURCES

A. General Information

HUD publishes general information concerning Section 3, including the federal regulations implementing Section 3 (24 CFR part 135), at www.hud.gov/section3.

HACLA has published its own Frequently Asked Questions concerning Section 3, which is available here: www.hacla.org/section3.

B. HACLA Forms

All HACLA forms referenced in this Plan are available online at www.hacla.org/forms or by contacting HACLA’s Section 3 Compliance Administrator at: section3@hacla.org.

C. Questions and Complaints

Questions or complaints concerning this Plan or HACLA’s Section 3 program should be directed to HACLA’s Section 3 Compliance Administrator:

Housing Authority of the City of Los Angeles
Section 3 Compliance Administrator
Consistent with 24 CFR §135.76, a Section 3 Resident or a Section 3 Business Concern may file a Section 3 related complaint directly with HUD using HUD form 958.

History:

10/30/14: Section 3 Guide and Compliance Plan adopted by Board Resolution No. 9167
11/28/17: Section 3 Guide and Compliance Plan (V2) adopted by Board Resolution No. 9693
All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted Developments covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act
(25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).
ATTACHMENT 3 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS

Assistance to Small, Minority, Women’s, Section 3 and Resident Business Enterprises

REQUIRED EFFORTS

Consistent with Presidential Executive Orders 11625, 12138 and 12432, Title VI of the Civil Rights Act of 1968, and Section 3 of the Housing and Urban Development Act of 1968, as amended, Developer shall make efforts to ensure that small, minority-owned and woman-owned business enterprises, and individuals or firms located in, or owned in substantial part by persons residing in, the area of an Authority housing development are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists;

2. Encouraging the participation of such firms through direct solicitation of bids or proposals whenever they are potential sources;

3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;

4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the City of Los Angeles Mayor’s Office of Economic Development;

6. Including in all contracts funded from sources covered by Section 3, the Section 3 clause prescribed at 24 CFR 135.38, which clause sets forth Section 3 preference and compliance goals for employment and training of public housing residents and for contracting and subcontracting with businesses owned by public housing residents or which otherwise meet the criteria of a Section 3 business concern. Pursuant to 24 CFR 135.36, efforts shall be directed to award Section 3 covered contracts, to the greatest extent feasible to Section 3 business concerns.

7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in 1 through 6 above.
ATTACHMENT 4 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS

Section 3 Compliance Reports Submission Schedule

To be reported at contract execution:

a. Form 1: Declaration of Understanding and Intent to Comply

b. Form 2: Section 3 Business Concern Certification

c. Form 4: Economic Opportunity Plan (EOP) - for all subcontractors to identify hiring, subcontracting and other commitments

To be reported monthly:

a. Form 3: Section 3 Resident Certifications – to understand how many Section 3 Residents were hired, if the subcontractors are meeting their minimum numerical targets, if the order of hiring priority is being observed (may be required to attach documentation of efforts).

To be reported quarterly and at Development end:

Compliance Summary Report, including, but not limited to, the following information:

a. Dollar amount of contracts awarded to Section 3 and non-Section 3 Businesses

b. List of subcontractors, their start dates, amounts of subcontract, and similar data.

c. Detailed hiring information to determine if Section 3 Hiring and Work Hour goal is being met; if the order of hiring priority is being observed.

d. Support documentation to demonstrate efforts made to fulfill Section 3 goals and commitments.

e. Information on the workforce at the Development site and how many are Section 3 residents, new hires.

f. A Best Practices Guide or Development End Report which outlines good faith efforts, achievements and obstacles, to be submitted at closeout of each phase.
ATTACHMENT 2 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS

Section 3 Clause

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted Developments covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).
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1. Including such firms, when qualified, on solicitation mailing lists;

2. Encouraging the participation of such firms through direct solicitation of bids or proposals whenever they are potential sources;

3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;

4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the City of Los Angeles Mayor's Office of Economic Development;

6. Including in all contracts funded from sources covered by Section 3, the Section 3 clause prescribed at 24 CFR 135.38, which clause sets forth Section 3 preference and compliance goals for employment and training of public housing residents and for contracting and subcontracting with businesses owned by public housing residents or which otherwise meet the criteria of a Section 3 business concern. Pursuant to 24 CFR 135.36, efforts shall be directed to award Section 3 covered contracts, to the greatest extent feasible to Section 3 business concerns.

7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in 1 through 6 above.
ATTACHMENT 4 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS

Section 3 Compliance Reports Submission Schedule

To be reported at contract execution:

a. Form 1: Declaration of Understanding and Intent to Comply
b. Form 2: Section 3 Business Concern Certification
c. Form 4: Economic Opportunity Plan (EOP) - for all subcontractors to identify hiring, subcontracting and other commitments

To be reported monthly:

a. Form 3: Section 3 Resident Certifications – to understand how many Section 3 Residents were hired, if the subcontractors are meeting their minimum numerical targets, if the order of hiring priority is being observed (may be required to attach documentation of efforts).

To be reported quarterly and at Development end:

Compliance Summary Report, including, but not limited to, the following information:

A. Dollar amount of contracts awarded to Section 3 and non-Section 3 Businesses
B. List of subcontractors, their start dates, amounts of subcontract, and similar data.
C. Detailed hiring information to determine if Section 3 Hiring and Work Hour goal is being met; if the order of hiring priority is being observed.
D. Support documentation to demonstrate efforts made to fulfill Section 3 goals and commitments.
E. Information on the workforce at the Development site and how many are Section 3 residents, new hires.

A Best Practices Guide or Development End Report which outlines good faith efforts, achievements and obstacles, to be submitted at closeout of each phase.
EXHIBIT F

Feasibility Plan Requirements

Subject to the provisions of Section 3.8(d) and 3.9(b) of this Lease, any Feasibility Plan submitted by Tenant to Landlord shall, at a minimum, include the following:

(a) A statement describing the Tenant’s reasons for deviating from the affordability requirements of this Lease and the Regulatory Agreements.

(b) A demonstration that any deviation from the affordability requirements of this Lease and the Regulatory Agreements is only to the extent necessary to preserve the viability of the Project and the affected Residential Units while maintaining the affordability of the Residential Units to the maximum extent practicable.

(c) An explanation of the Tenant’s proposed remedies, including, but not limited to: (i) how the Tenant will select the units and families, including the number of units and income levels for such units that will be affected by rent increases; (ii) a timetable for the implementation of the Feasibility Plan; and (iii) the impact on existing residential tenants.

(d) A statement of all steps Tenant has taken with regard to the Project to offset the loss of any subsidy, including the use of other public and private development resources, the use of cash flow, and funds from other operating deficit reserves.

(e) An explanation of proposed Operating Expense reductions and modifications to Project operations to improve financial performance.

(f) A financial statement showing actual operating expenses and revenues over the past 5 years and the projected expenses and revenues over the next 10 years.

(g) A statement that Tenant has provided, or will provide, all affected residential tenants with at least ninety (90) days’ notice prior to the implementation of the approved Feasibility Plan or any rent increases.

(h) A certification that upon reinstatement of any terminated subsidies or the finding of alternative subsidies or financial structures that Tenant will reinstate the affordability restrictions of this Lease and the Regulatory Agreements proportionate to the reinstated subsidies.

(i) An update to the Feasibility Plan shall be submitted by Tenant to Landlord at least annually for Landlord’s review and approval to ensure that the provisions of the Feasibility Plan continue to be appropriate.
EXHIBIT G

Property Management and Re-Occupancy Plan

[attached]
EXHIBIT H

Supportive Services Plan

[attached]
Proposal to Provide Resident Services
For The Rose Hill Courts Apartments
(Los Angeles, CA)
for Related California

Project Access
2100 W. Orangewood Ave., Suite 230
Orange CA 92868

March 5, 2021

*The mission of Project Access is to be the leading provider of vital on-site health, education, and employment services to low-income families, children, and seniors.*
Introduction

In partnership with Related California, Project Access will develop and implement a rich program offering for the residents of Rose Hill Court Apartments. Programs will be tailored to meet the needs and interest of the community and will fall into a variety of categories as further outlined below. Through informal and formal assessment, Project Access will identify and respond to the unique needs and goals of the community with high quality and relevant programming. The specific program offering and hours of operation will be based on availability and feedback provided by the community via an annual community survey. Programs and services will be offered to all residents, ongoing in nature, at no cost to residents and will be provided onsite at the Project Access Family Resource Center (with the exception of services provided offsite on a referral basis).

Our Core Competencies

Our core competencies, which distinguish Project Access from other resident service providers, are the following:

1) Conducting annual assessments and tailoring programs to the needs of the residents upon the start of services onsite and full occupancy to determine program needs of tenants at that time.
2) Providing high quality and resident focused programs to families and seniors based on the specific needs and demographic of each community
3) Training and developing our staff to be strong stewards of resources in the community
4) Measuring quality through qualitative, quantitative and process outcomes
5) Working in partnership with ownership and property management to support residents and protect owner assets

Unique Features & Key Benefits

The unique features of the proposed service plan include:

➢ Project Access offers a turnkey model of programming with established curriculum including program standards, identified best practices, evaluation methods, standard operating procedures and resources.

➢ A major aspect of our service model is our needs assessment enabling us to tailor our service offerings to specific and evolving needs in each community.

➢ Programs and services are more successful with a foundation of community connectivity fostered through community building events, various outreach strategies, and trusted
relationship building.

➢ Project Access establishes a strong and substantial onsite presence through our staff at our Resource Centers and are an integral member of the community.

➢ Project Access leverages the owner provided Program Fee by utilizing and sourcing local resources and partners to support onsite programming to meet various needs of the community, i.e. food programs provided by local food banks, local clinics to provide free preventative screenings onsite. To support our positive outcomes, we established partnerships with over 100 community-based agencies, non-profits, schools and other providers across our portfolio.

➢ Project Access has made significant investments in measuring the quality and social impact of our programs including the use of a customized database, reporting software, established evaluation tools and analytical staff.

➢ Project Access leverages additional funding opportunities and support to enhance the programs offered at the Resource Centers through in-kind donations, and intern, community and corporate volunteer support.

➢ Project Access strives to make an impact in the lives of the residents we serve through our programming. Therefore, we utilize a systematic Quality Improvement Cycle approach to our programming, where we measure quality through Qualitative, Quantitative and Process Outcomes to continuously assess, plan and improve upon our program and service delivery methods.

ASSESS
Collect data about program.

PLAN
Create an improvement plan based on data.

IMPROVE
Carry out plan- train and coach staff, adjust program standards, etc. as needed.
Experience:

Project Access operates nearly 80 Family and Senior Resource Centers across California, Arizona, Colorado, Nevada, Utah, Texas, Maryland, North Carolina, South Carolina, Illinois, Georgia, Tennessee, and Florida. Project Access provides services for (11) Related communities in Orange County, Los Angeles and the Bay Area, as well as, provides services at (6) locations throughout Los Angeles county with various partners, which are listed below.

Multi-family Properties
- Harbor Village Apartments (Related)
  981 Harbor Village Drive, Harbor City, CA
- VIA 425 Apartments (Related)
  425 E. Carson Street, Carson, CA 90745
- Vista Angelina Apartments (Related)
  418 NE Edgeware Road; Los Angeles, CA 90026
- The Palms Apartments (Mariman & Co.)
  2010 S. Batson, Apt. 102; Rowland Heights, CA 91748

Senior Properties
- 615 Manhattan Apartments (Vitus Group)
  615 S Manhattan Place, Los Angeles, CA 90005
- Golden West Tower Apartments (Community Preservation Partners)
  3510 Maricopa Street; Torrance, CA 90503

Target Population:

The target population for program participation will be 100% of households living at Rose Hill Courts, including the youth, adult, and senior populations. Project Access will develop a comprehensive program to match the needs and interest of the community that ranges in age, ethnicity and language spoken.

Proposed Staffing Plan:

Project Access has a strong reputation for delivering high quality programs, services and assistance to the community, through our team of experienced and professional Resident Services Coordinators.

In order to uphold our reputation at Rose Hill Courts, Project Access will hire and train a dedicated, culturally competent and professional Resident Services Coordinator at 29 hours per week to:

- Plan and deliver all contracted programs, as well as oversee the delivery of services by third-party service providers and community partners
• Oversee the daily operations of the Family Resource Center
• Conduct community outreach to engage new and existing residents to inform them of available programs/services and to encourage participation and attendance
• Identify local partners to provide additional programs onsite and resources available for resident referrals
• Plan, advertise and coordinate all logistics for community events and activities
• Survey and identify resident needs through community engagement, outreach and interactions
• Recruit and supervise program volunteers and intern support
• Maintain open and ongoing communication with community stakeholders, including property management staff, owners, security, City officials, housing authority, maintenance, local police department, etc.
• Shop for program and event materials, food and supplies
• Fulfill administrative responsibilities, including track and report all participation, develop and distribute a monthly newsletters/calendar of events, and process monthly financial reports.

Additionally, the Residents Services Coordinator will be supported and managed by an assigned Project Access Regional Managers (RM). The RM will be assigned to supervise the Service Coordinator staff and provide additional support and oversight for Center operations, programs and personnel. The RSM will also check in with property management staff, owner and provide on-going professional development, coaching and coverage support for staff.

Scope of Services:

The Scope of Services for Rose Hill Courts will be focused on 4 major program areas that are consistent with HACLA’s support services requirements: Education for Youth, Economic Stability, Health & Wellness and Community Engagement.

Project Access proposed staff and programing plan includes**:

• Resident Service Coordinator (RSC) dedicated to coordinate the contracted programs and services, as well as, provide residents with individualized assistance including help accessing information/benefit programs, referrals to resources and specialized services and translation support. Additionally, the RSC will be available to assist individual residents with employment assistance, computer basics, copy/fax needs, etc. The RSC will provide a minimum of 24 hours per week.

• Education for Youth- Specifically, an After-school program (ASP) for school-age children. The program will include, but is not limited to homework assistance, tutoring, mentoring, art and enrichment activities. The program will provide a safe, productive and positive place for students to receive academic support in order to improve their math and language arts proficiency. Additionally, the program provides a place for youth
to have access to supportive role models and engage in character development opportunities, while reducing the exposure to risky behavior and hours of unsupervised activity on the property. The ASP will be provided for 2 hours per day between the hours of 2:30-6pm, depending on the local school schedules, scheduled at minimum 5 days per week for a minimum of 10 hours per week.

- Adult Educational, Health and Wellness or skill-building classes - Staff will also provide and/or coordinate a variety of adult education, health & wellness programs including but not limited to financial education, computer training, employment assistance, ESL classes, nutrition education, fitness and exercise classes, health information/awareness, and healthy eating/cooking demonstrations. Programs will be provided ongoing and free of charge to residents, a minimum of 60 hours per year.

- Community Building/Engagement - Staff will plan and facilitate community building events and various opportunities to encourage a stronger sense of connectivity, engagement and safety amongst the residents. Events may include, but are not limited to, Holiday celebrations, seasonal gatherings, Health and/or Resource Fairs, Community Clean-up Projects, Community Safety and Awareness Events (i.e. National Night Out), Talent Shows, etc. A minimum of 3 events will be offered annually.

**The specific program/event type and frequency will be determined by the assessed needs and interest of the residents of Rose Hill Courts and the operating budget that is approved by Related California.

Since RHC is a 100% Project Based Voucher project, the Scope of Services will incorporate (as appropriate and feasible), the following types of supportive services as described in Chapter 17 of HACLA’s Administrative Plan. Services may be provided directly, in partnership with local providers and/or on a referral basis:

- Case management (referral)
- Alcohol or drug abuse services (referral)
- Mental health services (referral)
- HIV / AIDS related services (referral)
- Employment training and counseling (direct, partner, or referral)
- Economic self-sufficiency (direct, partner, or referral)
- Post-secondary educational programs (direct, partner, or referral)
- Childcare (referral)
- Classes on parenting (direct, partner, or referral)
- General education classes (including computer classes) (partner or referral)
- English as a Second Language (ESL) classes (direct, partner, or referral)
- Classes on life skills (direct, partner, or referral)
- Obtaining & retaining government, financial & medical benefits (direct, partner, or referral)
- Behavior assessments (referral)
• Transportation assistance and services (direct, partner, or referral)
• Financial literacy (direct, partner, or referral)
• Nutrition (direct, partner, or referral)
• Family counseling (referral)
• Government & community resources (direct, partner, or referral)
• General health care and services (partner, or referral)
• Legal services (referral)
• Leadership development (direct, partner, or referral)

Implementation:
Below is a general outline of our implementation strategy and timeline.

Pre-development/renovations
1. Conduct site visit - meet key personnel, assess community space, resources and needs.
2. Submit proposed start-up budget
3. Work with Project Manager and design team to provide feedback on program space and FF&E plans
4. Execute partnership agreement
5. Identify timeline for construction/renovations and tentative program start date

Approaching construction completion (6-8 weeks prior to start date)
6. Activate recruiting efforts for qualified Resident Services Coordinator
7. Work on hiring and complete background clearance check of selected candidate
8. Work with Project Manager to Complete Center Start up Items (prior to staff starting onsite)-ensure internet/phone/fax is set up, and furniture and computers are onsite
9. Establish communication with key personnel onsite, including property management, maintenance, IT, etc.
10. Schedule official Program Start Date and advertise to the community
11. Resident Service Coordinator may be scheduled to complete new hire orientation and training prior to starting onsite
12. Identify the specific Service Requirements per the Project Based Section 8 HAP Contract and establish the process for intake and verification of completion with onsite property management and any other key personnel.

Program Start Date/Operational Activities (On-going)
13. Project Access Resident Services Coordinator to start onsite and open doors
14. Project Access to initiate outreach, informal and formal needs assessments and coordinate and launch appropriate programming
15. Staff to purchase remaining start-up materials based on the finalized start-up budget
16. Publish monthly newsletter/calendar to advertise offered programs
17. Plan and coordinate Meet & Greet/ Open House event
18. Maintain on-going communications with onsite management and ownership staff regarding programing and property highlights

**Monitoring and Reporting:**
As a resident service provider to our owner partners, we take ownership and make it a priority to ensure all contractual and compliance requirements are being met.

All programs and participation are diligently documented using our customized database system; therefore client participation will be tracked and can be verified through monthly attendance reports. Monthly attendance reports document participation by name/household, program type and hours of service provided to document program activity and to illustrate all regulatory compliance requirements are being satisfied. Additional back-up documentation is available to demonstrate the specific programs being offered and advertised at the property, including monthly newsletters, calendar of events, program and outreach flyers. Reports and documentation can be provided to owners and/or auditing agents, as requested.

**Financial Summary and Funding Sources:**

The Monthly Program Fee is $5,834, an Annual Operating Budget of: $70,008.00

Budget breakdown

<table>
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<th>Administrative Expenses</th>
<th>$1,154</th>
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<tr>
<td>Salaries and benefits</td>
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<td>Management and Evaluation</td>
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<td>Staff &amp; Volunteer Expenses</td>
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<td>Fundraising &amp; Administrative Fee</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$70,008</strong></td>
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</tbody>
</table>

* The annual operating budget above does not include start-up cost associated with launching services onsite at new properties.

Please note: A detailed Startup Budget will be provided as the project gets closer to completion and a proper site visit is conducted. Items on the Startup Budget are negotiable. If Owner prefers to directly provide the FFE items, and agrees to meet the minimum requirements for the item as defined by Project Access, said item can be removed from the Startup Budget.
The funding sources for the service provision will be the property operating budget. The Monthly Program fee will be invoiced by Project Access and paid by the owner or property Management Company, as designated, monthly.

Project Access will also leverage the Owner provided fee-for-service, by establishing additional partnerships and seeking alternative funding opportunities (if available) and donations, in order to offer a variety of programs to address the community needs and to maximize the resources available to the community. Donation and leveraged support may include in-kind donations of backpacks, toys during the holidays, snacks for youth, books, free presentations provided by partners/experts, software, refreshments, as well as, volunteer and intern support for programs/events, etc.

Closing:

We appreciate the opportunity to be considered as your service provider and partner in effort to make a difference in the lives of the Rose Hill Courts residents. We hope that you found the proposal helpful in understanding Project Access as a reputable partner and quality service provider. Please let me know if you have any questions and/or would like to schedule a follow up call to discuss further.

Teresa Ichsan
Chief Business Development Officer

2100 W. Orangewood Ave. Suite 230
Orange CA92868
P: (949) 253-6200 | F: (714) 940-9803
EXHIBIT I

Mitigation Measures

[attached]
CONDITIONS OF APPROVAL  
(As modified by the City Planning Commission on December 12, 2019)

Pursuant to Sections 14.00 A.2, 14.00 B.6, and 12.22 A.25 of the Los Angeles Municipal Code, the following conditions are hereby imposed upon the use of the subject property:

1. **Site Development.** The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit "A", stamp dated December 2, 2019, except as may be revised as a result of this action. No change to the plans will be made without prior review by the Department of City Planning, and written approval by the Director of Planning, with each change being identified and justified in writing. Minor deviations may be allowed in order to comply with provisions of the Municipal Code, the subject conditions, and the intent of the subject permit authorization.

2. **Development Services Center.** Prior to sign-off on building permits by the Department of City Planning’s Development Services Center for the project, the Department of City Planning’s Major Projects Section shall confirm, via signature, that the project’s building plans substantially conform to the conceptual plans stamped as Exhibit "A", as approved by the City Planning Commission.

**Note to Development Services Center:** The plans presented to, and approved by, the City Planning Commission (CPC) included specific architectural details that were significant to the approval of the project. Plans submitted at plan check for condition clearance shall include a signature and date from Major Projects Section planning staff to ensure plans are consistent with those presented at CPC.

3. **Uses.** The project shall be limited to a maximum of 185 multi-family residential dwelling units and associated Building Management/Community Building.

4. **Height.** The Project shall be limited to the following maximum heights, as shown in Exhibit A:
   a. Building A: 66 feet
   b. Building B: 46.5 feet
   c. Building C: 46 feet
   d. Building D: 46 feet
   e. Building E: 40 feet
   f. Building F: 40 feet
   g. Building G: 36 feet
   h. Building H: 36 feet
   i. Building I: 36 feet
   j. Building J: 18 feet

5. **Floor Area Ratio.** The Residential Floor Area Ratio (FAR) of the Project shall be limited to a maximum FAR of 0.93, or 211,094 square feet of total Residential Floor Area (RFA), upon completion of both Phases of the Project.
   a. Phase 1 of the Project, as shown on Exhibit A, shall be limited to 104,384 square feet of residential floor area.
   b. Phase 2 of the Project, as shown on Exhibit A, shall be limited to 106,710 square feet of residential floor area.
6. **Affordable Units.** A minimum of 183 units shall be designated as Restricted Affordable Dwelling units as defined by the State Density Bonus Law 65915(c)(1) or (c)(2), as follows:
   a. 123 units shall be set aside for Low Income households (HCD levels).
   b. Four (4) units shall be set aside for Workforce Income households (HCD levels).
   c. Seven (7) units shall be set aside for Moderate Income households (HCD levels).
   d. 49 units shall be set aside for Low Income households (HUD levels).

7. **Housing Requirements.** Prior to issuance of a building permit, the owner shall execute a covenant to the satisfaction of the Los Angeles Housing and Community Investment Department (HCIDLA) to make at a minimum 123 units available to Low income households (HCD levels), four (4) units available to Workforce Income households (HCD levels), seven (7) units available to Moderate Income households (HCD levels), and the remaining 49 units available to Low Income households (HUD levels), for sale or rental as determined to be affordable to such households by HCIDLA for a period of 55 years. Enforcement of the terms of said covenant shall be the responsibility of HCIDLA. The applicant will present a copy of the recorded covenant to the Department of City Planning for inclusion in this file. The project shall comply with any monitoring requirements established by the HCIDLA.

8. **Changes in Restricted Units.** Deviations that change the composition of units or change in parking numbers shall be consistent with LAMC Section 12.22 A.25 (a-d).

9. **Sustainability.**
   a. The Project shall comply with the Los Angeles Municipal Green Building Code, Section 99.05.211, to the satisfaction of the Department of Building and Safety.
   b. Solar and Electric Generator. Where power poles are available, electricity from power poles and/or solar-powered generators rather than temporary diesel or gasoline generators shall be used during construction. In particular, solar-powered generators shall be used for the construction trailer(s) on-site.
   c. Solar-ready Buildings. The Project shall comply with the Los Angeles Municipal Green Building Code, Section 99.05.211, to the satisfaction of the Department of Building and Safety.
   d. The applicant shall make best efforts to investigate, and implement if feasible, the provision of solar panels on the Building Management/Community Building (Building J), to the satisfaction of the Department of City Planning.

10. **Parking.**
   a. **Vehicle Parking.** The minimum number of residential automobile parking spaces shall be provided as required by LAMC Sections 12.21 A.4 and 12.22 A.25.
   b. **Bicycle Parking.** Bicycle parking shall be provided consistent with Ordinance No. 185,480, which amended Sections 12.03, 12.21 and 12.26 of the Los Angeles Municipal Code to update the bicycle parking regulations, effective on May 9, 2018.
   c. **Prior to the issuance of a building permit,** the driveway and parking plan shall be submitted for review and approval to the Department of Transportation.
11. **Open Space.** The Project shall provide open space as follows:

   a. A minimum of 61,458 square feet of open space shall be provided, in substantial conformance with the landscape plans stamped Exhibit A, dated December 2, 2019.

12. **Landscaping.** Prior to the issuance of a building permit, a landscape plan prepared by a licensed landscape architect or licensed architect shall be submitted to the Department of City Planning for approval. The landscape plan shall be in substantial conformance with the landscape plan stamped Exhibit A.

   a. All open areas not used for buildings, driveways, parking areas, recreational facilities or walks shall be attractively landscaped, including an automatic irrigation system, and maintained in accordance with the landscape

   b. **On-site Landscaping.** All planters containing trees shall have a minimum depth of 48 inches.

   c. **Any trees that are required pursuant to LAMC Section 12.21 G.**

   d. New trees planted within the public right-of-way shall be spaced not more than an average of 30 feet on center, unless otherwise permitted by the Urban Forestry Division, Bureau of Public Works.

   e. **Tree Wells.**

      i. The minimum depth of tree wells shall be as follows:

         1. Minimum depth for trees shall be 42 inches.
         2. Minimum depth for shrubs shall be 30 inches.
         3. Minimum depth for herbaceous plantings and ground cover shall be 18 inches.
         4. Minimum depth for an extensive green roof shall be three inches.

      ii. The minimum amount of soil volume for tree wells shall be based on the size of the tree at maturity as follows:

         1. 600 cubic feet for a small tree (less than 25 feet tall at maturity).
         2. 900 cubic feet for a medium tree (25-40 feet tall at maturity).
         3. 1,200 cubic feet for a large tree (more than 40 feet tall at maturity).

13. **Stormwater/Irrigation.** The project shall implement on-site stormwater infiltration as feasible based on the site soils conditions, the geotechnical recommendations, and the City of Los Angeles Department of Building and Safety Guidelines for Storm Water Infiltration. If on-site infiltration is deemed infeasible, the project shall analyze the potential for stormwater capture and reuse for irrigation purposes based on the City Low Impact Development (LID) guidelines.

14. **Mitigation Monitoring and Reporting Program.** The Project shall comply with the Mitigation Measures set forth in the Mitigation Monitoring and Reporting Program, adopted by HACLA on November 26, 2019 and attached as Exhibit B, for which the City or any City department is identified as a Monitoring Party, as may be amended or modified by HACLA.
15. **Trash/Storage.**
   a. All trash collection and storage areas shall be located on-site and not visible from the public right-of-way.
   b. Trash receptacles shall be stored in a fully enclosed building or structure, constructed with a solid roof, at all times.
   c. Trash/recycling containers shall be locked when not in use.

16. **Mechanical Equipment.** Any structures on the roof, such as air conditioning units and other equipment, shall be fully screened from view of any abutting properties and the public right-of-way. All screening shall be setback at least five feet from the edge of the building.

17. **Glare.** The exterior of the proposed structure shall be constructed of materials such as, but not limited to, high-performance and/or non-reflective tinted glass (no mirror-like tints or films) and pre-cast concrete or fabricated wall surfaces to minimize glare and reflected heat.

18. **Reflectivity.** Glass used in building façades shall be non-reflective or treated with a non-reflective coating in order to minimize glare from reflected sunlight.

19. **Lighting.** Outdoor lighting shall be designed and installed with shielding, such that the light source cannot be seen from adjacent residential properties, the public right-of-way, nor from above.

20. **Signage.**
   a. All future signage shall be limited to what is permissible under the Los Angeles Municipal Code.
   b. There shall be no off-site commercial signage on construction fencing during construction.

21. **Aesthetics.** The structures, or portions thereof shall be maintained in a safe and sanitary condition and good repair and free of graffiti, trash, overgrown vegetation, or similar material, pursuant to Municipal Code Sections 91.8104, 91.8181, and 91.8904.

22. **Landscaping.** All open areas not used for buildings, driveways, parking areas, recreational facilities or walks shall be attractively landscaped and maintained in accordance with a landscape plan, including an automatic irrigation plan, prepared by a licensed landscape architect to the satisfaction of the decision maker.

23. **Parking Lot Landscaping.** Pursuant to the City of Los Angeles Landscape Ordinance Guidelines K, all parking lots appurtenant to other land uses shall be planted with trees at a ratio of one tree for every four surface parking spaces. The trees shall be located in such a manner and be of such a size that the trees are capable of producing an overhead canopy that will shade at least 50 percent of the parking stall area in summer after 10 years growth when the sun is at its zenith at local solar time at the summer solstice. Placement of trees shall be coordinated with lighting, as required by the Los Angeles Municipal Code. A minimum of 50 square feet of unpaved area shall be provided at the base of each tree, the minimum dimension of which shall be 5 feet, to allow for water infiltration, gas exchange, and to avoid conflicts between car door swings and bumpers, and trees. The planted area under bumper overhangs may be utilized as part of the unpaved area.

24. **Construction.** The project contractor shall use power construction equipment with state-of-
the-art noise shielding and muffling devices. On-site power generators shall be either plug-in electric or solar powered.

**Additional Public Benefit Alternative Compliance Conditions**

25. The Project is permitted to provide minimum front and side yard setbacks as follows:
   
   a. Boundary Avenue: 18.5-foot front yard setback  
   b. McKenzie Avenue: 12-foot front yard setback  
   c. Florizel Street: 14-foot side yard setback  
   d. Mercury Avenue: 14-foot side yard setback

26. **Florizel Street.** The Project shall provide a 20-foot half right-of-way on Florizel Street.

27. **Landscape buffer.** The Project shall provide buffers of landscaping, trees, and hedges along the perimeter of the Project Site, in substantial conformance with the landscape plans stamped “Exhibit A”, dated December 2, 2019.

**Additional Density Bonus Conditions**

28. The Project is permitted for new hardscape areas to utilize both permeable and impermeable paving systems.

29. **Retaining Walls.** The Project is permitted to construct retaining walls as follows:

   a. A maximum of 1,115 linear feet of retaining walls measuring 3.5 feet and less in height;  
   b. A maximum of 700 linear feet of retaining walls measuring between 3.5 and six (6) feet in height; and  
   c. A maximum of 230 linear feet of retaining walls measuring 6 feet or greater in height.

30. **Grading.** The Project is permitted a maximum of 9,500 cubic yards of cut and 19,000 cubic yards of fill.

31. **Parking area wall enclosure.** The Project is permitted to waive the requirement that parking areas be completed enclosed with a wall, as otherwise imposed by LAMC Section 12.21 A.6(d).

32. **Automobile parking outside of enclosed garage.**

   a. The Project is permitted to waive the requirement that automobile parking for each residential dwelling unit within the [Q]R1-1D Zone be provided within a private, enclosed garage.

   b. The Project is permitted to provide parking in surface parking areas and tuck-under parking in substantial conformance with the plans stamped “Exhibit A”, dated December 2, 2019.

33. The Project is permitted to waive the requirements for the design of new structures otherwise required by [Q] Condition 2.d, as imposed by Ordinance No. 180,403.
Administrative Conditions:

34. Approval, Verification and Submittals. Copies of any approvals, guarantees or verification of consultations, review or approval, plans, etc., as may be required by the subject conditions, shall be provided to the Planning Department for placement in the subject file.

35. Code Compliance. Area, height and use regulations of the zone classification of the subject property shall be complied with, except where herein conditions are more restrictive.

36. Covenant. Prior to the issuance of any permits relative to this matter, an agreement concerning all the information contained in these conditions shall be recorded in the County Recorder's Office. The agreement shall run with the land and shall be binding on any subsequent property owners, heirs or assign. The agreement must be submitted to the Planning Department for approval before being recorded. After recordation, a copy bearing the Recorder's number and date shall be provided to the Planning Department for attachment to the file.

37. Definition. Any agencies, public officials or legislation referenced in these conditions shall mean those agencies, public officials, legislation or their successors, designees or amendment to any legislation.

38. Enforcement. Compliance with these conditions and the intent of these conditions shall be to the satisfaction of the Planning Department and any designated agency, or the agency's successor and in accordance with any stated laws or regulations, or any amendments thereto.

39. Building Plans. Page 1 of the grants and all the conditions of approval shall be printed on the building plans submitted to the City Planning Department and the Department of Building and Safety.

40. Project Plan Modifications. Any corrections and/or modifications to the project plans made subsequent to this grant that are deemed necessary by the Department of Building and Safety, Housing Department, or other Agency for Code compliance, and which involve a change in site plan, floor area, parking, building height, yards or setbacks, building separations, or lot coverage, shall require a referral of the revised plans back to the Department of City Planning for additional review and final sign-off prior to the issuance of any building permit in connection with said plans. This process may require additional review and/or action by the appropriate decision-making authority including the Director of Planning, City Planning Commission, Area Planning Commission, or Board.

41. Indemnification and Reimbursement of Litigation Costs. The Applicant shall do all of the following:

   (i) Defend, indemnify and hold harmless the City from any and all actions against the City relating to or arising out of, in whole or in part, the City's processing and approval of this entitlement, including but not limited to, an action to attack, challenge, set aside, void, or otherwise modify or annul the approval of the entitlement, the environmental review of the entitlement, or the approval of subsequent permit decisions, or to claim personal property damage, including from inverse condemnation or any other constitutional claim.

   (ii) Reimburse the City for any and all costs incurred in defense of an action related to or arising out of, in whole or in part, the City's processing and approval of the entitlement, including but not limited to payment of all court costs and attorney's
fees, costs of any judgments or awards against the City (including an award of attorney’s fees), damages, and/or settlement costs.

(iii) Submit an initial deposit for the City’s litigation costs to the City within 10 days’ notice of the City tendering defense to the Applicant and requesting a deposit. The initial deposit shall be in an amount set by the City Attorney’s Office, in its sole discretion, based on the nature and scope of action, but in no event shall the initial deposit be less than $50,000. The City’s failure to notice or collect the deposit does not relieve the Applicant from responsibility to reimburse the City pursuant to the requirement in paragraph (ii).

(iv) Submit supplemental deposits upon notice by the City. Supplemental deposits may be required in an increased amount from the initial deposit if found necessary by the City to protect the City’s interests. The City’s failure to notice or collect the deposit does not relieve the Applicant from responsibility to reimburse the City pursuant to the requirement in paragraph (ii).

(v) If the City determines it necessary to protect the City’s interest, execute an indemnity and reimbursement agreement with the City under terms consistent with the requirements of this condition.

The City shall notify the applicant within a reasonable period of time of its receipt of any action and the City shall cooperate in the defense. If the City fails to notify the applicant of any claim, action, or proceeding in a reasonable time, or if the City fails to reasonably cooperate in the defense, the applicant shall not thereafter be responsible to defend, indemnify or hold harmless the City.

The City shall have the sole right to choose its counsel, including the City Attorney’s office or outside counsel. At its sole discretion, the City may participate at its own expense in the defense of any action, but such participation shall not relieve the applicant of any obligation imposed by this condition. In the event the Applicant fails to comply with this condition, in whole or in part, the City may withdraw its defense of the action, void its approval of the entitlement, or take any other action. The City retains the right to make all decisions with respect to its representations in any legal proceeding, including its inherent right to abandon or settle litigation.

For purposes of this condition, the following definitions apply:

“City” shall be defined to include the City, its agents, officers, boards, commissions, committees, employees, and volunteers.

“Action” shall be defined to include suits, proceedings (including those held under alternative dispute resolution procedures), claims, or lawsuits. Actions includes actions, as defined herein, alleging failure to comply with any federal, state or local law.

Nothing in the definitions included in this paragraph are intended to limit the rights of the City or the obligations of the Applicant otherwise created by this condition.
IV. Mitigation Monitoring and Reporting Program
IV. MITIGATION MONITORING AND REPORTING PROGRAM

1. Introduction

This Mitigation Monitoring and Reporting Program (MMRP) has been prepared pursuant to Public Resources Code Section 21081.6, which requires a Lead Agency to adopt a “reporting or monitoring program for the changes made to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment.” Additionally, Section 15097(a) of the State CEQA Guidelines requires that a public agency adopt a program for monitoring or reporting mitigation measures and project revisions, which it has required to mitigate or avoid significant environmental effects. This MMRP has been prepared in compliance with the requirements of CEQA, Public Resources Code Section 21081.6 and Section 15097 of the State CEQA Guidelines. This MMRP has been updated based on changes made earlier in this Final EIR.

The Housing Authority of the City of Los Angeles is the Lead Agency for the Project and is therefore responsible for administering and implementing the MMRP. A public agency may delegate reporting or monitoring responsibilities to another public agency or to a private entity that accepts the delegation; however, until mitigation measures have been completed, the Lead Agency remains responsible for ensuring implementation of mitigation measures in accordance with the MMRP.

An Environmental Impact Report (EIR) has been prepared to address the potential environmental impacts of the Project. The evaluation of the Project’s impacts in the EIR takes into consideration the project design features (PDFs) and applies mitigation measures (MMs) needed to avoid or reduce potentially significant environmental impacts. This MMRP allows for monitoring implementation of the PDFs and MMs required for the Project.

2. Organization

As shown on the following pages, each identified PDF and MM for the Project is organized by environmental impact area, with the following details:

- **Responsible Party**—the party that is responsible for implementing the project design feature or mitigation measure.

- **Monitoring Party**—the agency to which reports involving feasibility, compliance, implementation, and development are made.

- **Implementation Stage**—the phase of the Project during which mitigation measure shall be monitored.

3. Administrative Procedures and Enforcement

This MMRP shall be enforced throughout all phases of the Project, as applicable. The project Applicant shall be responsible for implementing each PDF and MM and shall be obligated to provide certification, as identified below, to the applicable monitoring and enforcement agencies. Furthermore, the Applicant shall maintain records demonstrating compliance with each PDF and MM. Such records shall be made available to the City of Los Angeles upon request.

During the construction phase and prior to the issuance of building permits, the Applicant shall retain an independent Construction Monitor (either via the City or through a third-party consultant),
approved by the Housing Authority of the City of Los Angeles, who shall be responsible for monitoring implementation of PDFs and MMs during construction activities consistent with the monitoring phase and frequency set forth in this MMRP.

The Construction Monitor shall also prepare documentation of the Applicant’s compliance with the PDFs and MMs during construction every 90 days in a form satisfactory to the Housing Authority of the City of Los Angeles. The documentation must be signed by the Applicant and Construction Monitor and be included as part of the Applicant’s Compliance Report. The Construction Monitor shall be obligated to immediately report to the Enforcement Agency any non-compliance with the MMs and PDFs within two business days if the Applicant does not correct the non-compliance within a reasonable time of notification to the Applicant by the monitor or if the non-compliance is repeated. Such non-compliance shall be appropriately addressed by the Enforcement Agency.

4. Program Modification

After review and approval of the final MMRP by the Lead Agency, minor changes and modifications to the MMRP are permitted, but can only be made subject to approval by the Lead Agency. The Lead Agency, in conjunction with any appropriate agencies or departments, will determine the adequacy of any proposed change or modification. This flexibility is necessary in light of the nature of the MMRP and the need to protect the environment. No changes will be permitted unless the MMRP continues to satisfy the requirements of CEQA, as determined by the Lead Agency.

The Project shall be in substantial conformance with the PDFs and MMs contained in this MMRP. The enforcing departments or agencies may determine substantial conformance with PDFs and MMs in the MMRP, at their discretion and within reason. If the department or agency cannot find substantial conformance, a PDF or MM is allowed to be modified or deleted as follows: the enforcing department or agency, or the decision maker for a subsequent discretionary project related approval finds that the modification or deletion complies with CEQA, including CEQA Guidelines Sections 15162 and 15164, which could include the preparation of an addendum or subsequent environmental clearance, if necessary, to analyze the impacts from the modifications to or deletion of the PDFs or MMs. Any addendum or subsequent CEQA clearance shall explain why the PDF or MM is no longer needed, not feasible, or the other basis for modifying or deleting the PDF or MM. Under this process, the modification or deletion of a PDF or MM shall not, in and of itself, require a modification to any Project discretionary approval unless the Director of Planning also finds that the change to the PDF or MM results in a substantial change to the Project or the non-environmental conditions of approval.
## Mitigation Monitoring and Reporting Program

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<tr>
<th>Issue Area</th>
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<th>Implementation Stage</th>
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<tbody>
<tr>
<td><strong>PROJECT DESIGN FEATURES</strong></td>
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</table>
| Construction Equipment Permitting and Registration | AQ-PDF-1  
The construction contractor may only use equipment permitted (where permits are required) by the South Coast Air Quality Management District or registered (where registration is required) under the California Air Resources Board’s Portable Equipment Registration Program when used for contaminated soil removal and transport, and for project demolition and construction. | Not Applicable because this is a PDF | Not Applicable because this is a PDF | Not Applicable because this is a PDF |
| Greenhouse Gas Emissions | GHG-PDF-1  
Project design will provide an energy efficiency exceeding Title 24, Part 6, California Energy Code baseline standard requirements, based on the 2016 Building Energy Efficiency Standards requirements. | Not Applicable because this is a PDF | Not Applicable because this is a PDF | Not Applicable because this is a PDF |
| Energy Conservation and Efficiency | GHG-PDF-2  
Use of high-efficiency Energy Star appliances, where appropriate. | Not Applicable because this is a PDF | Not Applicable because this is a PDF | Not Applicable because this is a PDF |
| Energy Conservation and Efficiency | GHG-PDF-3  
Inclusion of water conservation measures in accordance with the Los Angeles Department of Water and Power requirements for new development in the City of Los Angeles (e.g., high-efficiency fixtures and appliances, weather-based irrigation systems, drought-tolerant landscaping). | Not Applicable because this is a PDF | Not Applicable because this is a PDF | Not Applicable because this is a PDF |

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1 For analysis purposes, a value of 10% more efficient than Title 24 was used in the CalEEMod model.
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<tbody>
<tr>
<td>Water Conservation</td>
<td>GHG-PDF-4 Use of drought-tolerant plants and indigenous species, stormwater collection, permeable pavement wherever possible, and stormwater filtration, storage and re-use for landscaping.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Conservation</td>
<td>GHG-PDF-5 Use of high-efficiency toilets, including dual-flush water closets, as appropriate.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Conservation</td>
<td>GHG-PDF-6 Use of high-efficiency showerheads at 1.5 gallons per minute. Install no showers with multiple showerheads.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Conservation</td>
<td>GHG-PDF-7 Use of high-efficiency Energy Star appliances, where appropriate.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<td>Water Conservation</td>
<td>GHG-PDF-8 Use of weather-based irrigation controller with rain shutoff, matched precipitation (flow) rates for sprinkler heads, and rotating sprinkler nozzles or comparable technology such as drip/micro spray/subsurface irrigation where appropriate.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Conservation</td>
<td>GHG-PDF-9 Installation of a separate water meter (or submeter), flow sensor, and master valve shutoff for irrigated landscape areas totaling 5,000 square feet and greater.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Conservation</td>
<td>GHG-PDF-10 Use of proper hydro-zoning and turf minimization, as feasible.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Quality</td>
<td>GHG-PDF-11 Installation of pre-treatment stormwater infrastructure for the stormwater treatment system.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Water Quality</td>
<td>GHG-PDF-12 Reduce stormwater runoff through the introduction of new landscaped areas throughout the Project Site and/or on the structure.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<td>Air Quality</td>
<td>GHG-PDF-13 Prohibit the use of any fireplaces in the proposed residential units.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Recreation and Parks</td>
<td>Recreation and Parks PDF-1 Not less than 90 days prior to the anticipated construction completion the Project Applicant will reach out to the City of Los Angeles Department of Recreation and Parks staff responsible for the programming (if any) at various neighborhood, community, and regional parks located within a 2-mile radius of the Project site to consider mutually beneficial partnership between park programs, operations, and improvements. These parks and recreation facilities include, but are not limited to, El Sereno Arroyo Playground, El Sereno Community Gardens, Henry Alvarez Memorial Park, Hermon Dog Park, Hermon Park, Arroyo Seco Park, Carlin G. Smith Recreation Center, Cypress Recreation Center, Cypress Recreation Center, Downey Recreation Center, Ascot Hills Park and Charles F. Lummis Home.</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
<td>Not Applicable because this is a PDF</td>
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<tr>
<td>Energy</td>
<td><strong>Thresholds 4.15.3.3 (a) and (b):</strong> (a): Would the Project result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy Refer to Project Design Features listed above, which are reproduced under Greenhouse Gases: GHG-PDF-1 through GHG-PDF-10 above.</td>
<td>Refer to GHG-PDF-1 through GHG-PDF-10 above.</td>
<td>Refer to GHG-PDF-1 through GHG-PDF-10 above.</td>
<td>Refer to GHG-PDF-1 through GHG-PDF-10 above.</td>
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### Issue Area

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<td>resources, during Project construction or operation?</td>
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<td>(b) Would the Project conflict with or obstruct a state or local plan for renewable energy or energy efficiency?</td>
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### MITIGATION MEASURES

#### Aesthetics

**Threshold 4.1.3.3 (b):** Would the Project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

<table>
<thead>
<tr>
<th>Refer to Mitigation Measures CUL-1 and CUL-2 below.</th>
<th>Significant and Unavoidable regarding Historic Architectural Resources</th>
<th>Refer to MM CUL-1 and CUL-2 below.</th>
<th>Refer to MM CUL-1 and CUL-2 below.</th>
</tr>
</thead>
</table>

#### Biological Resources

**Threshold 4.3.3.3 (a):** Would the Project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?

<table>
<thead>
<tr>
<th>MM BR-1: Nesting Bird Surveys</th>
<th>Less Than Significant</th>
<th>Project Applicant/ The Housing Authority of the City of Los Angeles (HACLA)</th>
<th>Prior to commencement of Project construction and throughout the duration of construction activities that result in tree or vegetation removal</th>
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</thead>
<tbody>
<tr>
<td>If Project activities begin during nesting bird season (generally February 1 – August 31), no earlier than one week prior to ground-disturbing activities, a qualified biologist shall conduct preconstruction nesting bird clearance surveys within the Project Site and within a 100-foot buffer around the Project Site for nesting birds, and other sensitive species.</td>
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<td>To maintain compliance with the Migratory Bird Treaty Act and California Fish and Game Code, and to avoid or minimize direct and indirect effects on migratory non-</td>
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### Issue Area

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<td>game nesting birds, and their nests, young, and eggs, the following measures shall be implemented.</td>
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<tr>
<td>• Project activities that will remove or disturb potential nest sites should be scheduled outside the nesting bird season, if feasible. The nesting bird nesting season is typically from February 1 through August 31, but can vary slightly from year to year, usually depending on weather conditions. Raptors are known to begin nesting early in the year and ends late. The raptor nesting bird season begins January 1 to September 15.</td>
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<tr>
<td>• If Project activities that will remove or disturb potential nest sites cannot be avoided during February 1 through August 31, a qualified biologist shall conduct a pre-construction survey for nesting birds within the limits of Project disturbance up to seven days prior to mobilization, staging and other disturbances. Preconstruction surveys shall be conducted no more than three days prior to vegetation, substrate, and structure removal and/or disturbance.</td>
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<tr>
<td>• If neither nesting birds nor active nests are observed during the pre-construction survey(s), or if they are observed and will not be affected (i.e. outside the buffer zone described below), then Project activities may begin and no further nesting bird monitoring will be required.</td>
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<tr>
<td>• If an active bird nest is located during the pre-construction survey and will potentially be affected, a no-activity buffer zone shall be delineated on maps and marked in the field by fencing, stakes, flagging or other means up to 500 feet for raptors, or 100 feet for non-raptors. Materials used to demarcate the nests will be</td>
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### Mitigation Monitoring and Reporting Program

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<td>removed as soon as work is complete or the fledglings have left the nest. The biologist will determine the appropriate size of the buffer zone based on the type of activities planned near the nest and bird species. Buffer zones shall not be disturbed until a qualified biologist determines that the nest is inactive, the young have fledged, the young are no longer being fed by the parents, the young have left the area, or the young will no longer be affected by Project activities. Periodic monitoring by a biologist will be performed to determine when nesting is complete. After the nesting cycle is complete, Project activities may begin within the buffer zone.</td>
<td>Less Than Significant</td>
<td>Project Applicant/HACLA</td>
<td>If Project activities begin during nesting bird season (generally February 1 – August 31), no later than one week prior to ground-disturbing activities</td>
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</table>

**Threshold 4.3.3.3 (a): Would the Project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?**

**MM BR-2: Biological Monitor**

- The applicant shall retain a qualified Biological Monitor to conduct pre-construction surveys and biological monitoring during construction. If special-status wildlife species or protected nesting birds are observed and determined present within the BSA during the pre-construction breeding bird surveys, then the qualified biological monitor shall be onsite to monitor throughout the duration of construction activities that result in tree or vegetation removal, to minimize the likelihood of inadvertent impacts on nesting birds and other wildlife species. Monitoring shall also be conducted periodically during construction activities to ensure no new nests occur during vegetation removal or building demolition activities between February 1 through August 31. The biological monitor shall ensure that biological mitigation measures, best management practices, avoidance, and protection measures and mitigation measures described in the
<table>
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<td>relevant project permits and reports are in place and are adhered to.</td>
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<td>- The Biological Monitor shall have the authority to halt all construction activities and all non-emergency actions if sensitive species and/or nesting birds are identified and would be directly impacted. The monitor will notify the appropriate resource agency and consult if needed. If necessary, the monitoring biologist shall relocate the individual outside of the work area where it will not be harmed. Work can continue at the location if the applicant and the consulted resource agency determine that the activity will not result in impacts on the species.</td>
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<td>- The appropriate agencies shall be notified if a dead or injured protected species is located within the Project Site. Written notification shall be made within 15 days of the date and time of the finding or incident (if known) and must include: location of the carcass, a photograph, cause of death (if known), and other pertinent information.</td>
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**Cultural Resources**

**Threshold 4.4.3.3 (a):** Would the Project cause a substantial adverse change in the significance of a historical resource pursuant to § 15064.5?

**MM CUL-1:** The Project Applicant shall prepare an interpretive display and install it in the new community building on the redeveloped Rose Hill Courts property. The interpretive display shall be completed to coincide with the opening of the community building once construction is complete. It shall include a brief history of the historic property, its significance in the context of public and defense worker housing in Los Angeles during the Second World War and public housing design related to the Garden City and Modern Movements, and a description of Significant and Unavoidable regarding Historic Architectural Resources.

**Project Applicant/HACLA and HCID**

**After Project construction is complete**
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<td>of the Undertaking which led to the demolition of the historic property. The display shall be professionally written, illustrated, and designed. The content shall be prepared by persons meeting the Secretary of the Interior’s (SOI) Professional Qualifications Standards for History or Architectural History. HCID shall ensure that the Project Applicant has satisfactorily completed the interpretive display as described in this stipulation and submit the draft content to SHPO for review and approval. SHPO shall have 30 days to review the interpretive display content before it is produced and installed. (This is PA Stipulation I.A.)</td>
<td>Significant and Unavoidable regarding Historic Architectural Resources</td>
<td>HACLA/HCID</td>
<td>Within six months of completing the Rose Hill Courts Redevelopment Project</td>
</tr>
<tr>
<td>Threshold 4.4.3.3 (a): Would the Project cause a substantial adverse change in the significance of a historical resource pursuant to § 15064.5?</td>
<td>MM CUL-2: HACLA shall add to its existing website a section dedicated to the history of HACLA and public housing in Los Angeles within six (6) months from the issuance of the Certificate of Occupancy for the Rose Hill Courts Redevelopment Project. The website shall provide content on the history of the agency, the significance of public housing in the City, and notable examples of public housing architecture and site planning. It shall include links to other scholarly sources of information on the history and design of public housing. The new website section shall be professionally written, illustrated, and designed. The content shall be prepared by persons meeting the SOI Professional Qualifications Standards for History or Architectural History. HCID shall ensure that HACLA has satisfactorily completed the new website section as described in this stipulation and submit the draft content to SHPO for review and approval. SHPO shall have thirty (30) days to review the content before it is published. Once the new</td>
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</table>
### Geology and Soils

#### Thresholds 4.5.3.3 (a) ii and iii, (c), and (d).

**Threshold 4.5.3.3 (a):** Would the project expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:
- ii) Strong seismic ground shaking?
- iii) Seismic-related ground failure, including liquefaction?

**Threshold 4.5.3.3 (c):** Would the project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?

**Threshold 4.5.3.3 (d):** Would the project be located on expansive soil, as defined in Table 18 1 B

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<tr>
<td>MM GEO-1:</td>
<td>Prior to issuance of grading permits, the Applicant shall submit final design plans and a final design-level geotechnical report to the Los Angeles Department of Building and Safety for review and approval. The design-level geotechnical report shall be used for final design of the foundation system for the structures and shall take into consideration the engineering properties beneath the proposed structures and the projected loads. The final report shall specify geotechnical design parameters that are needed by structural engineers to determine the type and sizing of structural building materials. The final report shall be subject to the specific performance criteria imposed by all applicable state and local codes and standards. The final geotechnical report shall be prepared by a registered civil engineer or certified engineering geologist and include appropriate measures to address seismic hazards and ensure structural safety of the proposed structures. The proposed structures shall be designed and constructed in accordance with all applicable provisions of the California Building Code and the Los Angeles Building Code. The design-level geotechnical report shall address each of the recommendations provided in the Geotechnical Investigation Report prepared by Geocon West Inc. (Geocon, 2019; Appendix J); dated</td>
<td>Less Than Significant</td>
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| of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property? | May 16, 2018 (Revised January 2019), including, but not limited to the following:  
- Grading, shoring and foundation plans shall be reviewed by the Geotechnical Engineer prior to finalization to verify that the plans have been prepared in substantial conformance with the recommendations of the Geotechnical Investigation Report (Geocon, 2019) and to provide additional analyses or recommendations.  
- Based on the final foundation loading configurations, the potential for settlement shall be reevaluated.  
- All excavations shall be observed and approved in writing by the Geotechnical Engineer. Prior to placing any fill, the excavation bottom shall be proof-rolled with heavy equipment in the presence of the Geotechnical Engineer.  
- All onsite excavations shall be conducted in such a manner that potential surcharges from existing structures, construction equipment, and vehicle loads are resisted. The surcharge area shall be defined by a 1:1 projection down and away from the bottom of an existing foundation or vehicle load. Penetrations below this 1:1 projection shall require special excavation measures such as sloping or shoring.  
- As a minimum, the upper 5 feet of existing earth materials within the proposed building footprint areas shall be excavated and properly compacted for foundation and slab support. Deeper excavations shall be | | | |
<table>
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<td>conducted as necessary to remove existing artificial fill or soft alluvial soil at the direction of the Geotechnical Engineer. Proposed building foundations shall be underlain by a minimum of 3 feet of newly placed engineered fill. The excavation shall extend laterally a minimum distance of 3 feet beyond the building footprint areas, including building appurtenances, or a distance equal to the depth of fill below the foundation, whichever is greater.</td>
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<td>• Due to the expansive potential of the subgrade soils, the moisture content in the slab and foundation subgrade shall be maintained at 2 percent above optimum moisture content prior to and at the time of concrete placement.</td>
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<td>• After finish pad grades have been achieved, laboratory testing of the subgrade soil shall be performed to confirm the corrosivity characteristics of the soils.</td>
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<td>• To minimize or avoid the potential for concrete or metal corrosion in onsite soils, a corrosion engineer shall be retained prior to construction to evaluate corrosion test results and incorporate any necessary precautions into project design.</td>
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<td>• Concrete mix design shall be reviewed by a qualified corrosion engineer to evaluate the general corrosion potential of the soils on the Project Site.</td>
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<td>• Buried metallic structures and elements shall be designed with corrosion protection</td>
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as determined by a qualified corrosion engineer.

- Project Site soils shall be evaluated for expansion in the final geotechnical report.
- All surface water shall be diverted away from excavations.
- Waterproofing of subterranean walls and slabs shall be required to prevent moisture intrusion and water seepage. Particular care shall be taken in the design and installation of waterproofing to avoid moisture problems, or actual water seepage into the structure through any normal shrinkage cracks which may develop in the concrete walls, floor slab, foundations and/or construction joints.
- A waterproofing consultant shall be retained in order to recommend a product or method, which would provide protection to subterranean walls, floor slabs and foundations.
- Back-drains, if utilized, shall be designed per the recommendations of the final geotechnical report.
- Sub-drainage pipes at the base of the retaining wall drainage system shall outlet to an acceptable location via controlled drainage structures. Drainage shall not be allowed to flow uncontrolled over descending slopes.
### Issue Area

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<td>• Retaining walls shall include a drainage system extended at least two-thirds the height of the wall. At the base of the drain system, a subdrain covered with a minimum of 12 inches of gravel shall be installed, and a compacted fill blanket or other seal placed at the surface. The clean bottom and subdrain pipe, behind a retaining wall, shall be observed by the Geotechnical Engineer prior to placement of gravel or compacting backfill.</td>
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<td>• Wall backfill specifications (e.g., material gradation, compaction requirements, etc.), and surcharge conditions shall be designed per the recommendations of final geotechnical report.</td>
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<td>• Walls shall be properly drained to prevent buildup of hydrostatic pressures behind walls or be designed to withstand hydrostatic pressures.</td>
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<td>• Seismic lateral forces shall be incorporated into the design as necessary. The structural engineer shall determine the seismic design category for the project in accordance with Section 1613 of the CBC. If the project possesses a seismic design category of D, E, or F, proposed retaining walls in excess of 6 feet in height should be designed with seismic lateral pressure (Section 1803.5.12 of the 2016 CBC).</td>
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<td>• The results of the percolation testing shall be evaluated by the project civil engineer to determine if a stormwater infiltration system is required.</td>
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### Issue Area

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<th>Level of Significance After Mitigation</th>
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- All site drainage shall be collected and controlled in non-erosive drainage devices. Drainage shall not be allowed to flow uncontrolled over any descending slope or pond anywhere on the site, and especially not against any foundation or retaining wall.

- Positive site drainage shall be provided away from structures, pavement, and the tops of slopes to swales or other controlled drainage structures. The building pad and pavement areas shall be fine graded such that water is not allowed to pond. Discharge from downspouts, roof drains, and scuppers shall not occur onto unprotected soils within 5 feet of the building perimeter. Planters located adjacent to foundations shall be sealed to prevent moisture intrusion into the soils providing foundation support.

### Threshold 4.5.3.3 (f):  
Would the Project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?

**MM PALEO-1:** A qualified paleontologist (approved by the City or County of Los Angeles, as applicable, and the Los Angeles County Natural History Museum Vertebrate Paleontology Department) shall be retained prior to excavation and grading activities at the Project Site.

- Prior to the earth-moving activities, the paleontologist shall develop a site-specific Paleontological Resources Impact Mitigation Program (PRIMP) to be implemented in support of the Project in order to mitigate potential adverse impacts to paleontological resources. The PRIMP shall follow guidelines developed by the Society for Vertebrate Paleontology and shall include, but not be limited to, monitoring of ground disturbance activities in sediments that are likely to

<p>| MM PALEO-1 | Less Than Significant | Project Applicant/HACLA | Project grading/construction |</p>
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<td>include paleontological resources, specimen recovery, and screen washing; preparation of any collected specimens to the point of identification; curation of any collected specimens to a museum repository with permanent, retrievable storage; and preparation of a final compliance report that would provide details of monitoring, fossil identification, and repository arrangements. The Project Applicant shall then comply with the recommendations of the Project paleontologist and requirements of the PRIMP.</td>
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<td>• Before the mitigation program begins, the paleontologist or monitor shall coordinate with the appropriate construction contractor personnel to provide information regarding City or County of Los Angeles requirements, as applicable, for the protection of paleontological resources. Contractor personnel shall be briefed on procedures to be followed in the event that fossil remains and a previously unrecorded fossil site are encountered by earth-moving activities, particularly when the monitor is not on site.</td>
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<td>• The qualified paleontologist shall perform periodic inspections of excavation and grading activities at the Project Site to determine the presence of fossiliferous soils. The frequency and location of inspections shall be specified in the PRIMP and shall depend on the depth of excavation and grading activities and the materials being excavated. When Puente Formation sediments (known to contain</td>
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<td>Miocene marine fossils] are encountered (generally at depths of 11 to 16 feet or more at the Project site) the paleontologist shall monitor full time during excavation. If paleontological materials are encountered, the paleontologist shall temporarily divert or redirect grading and excavation activities in the area of the exposed material to facilitate evaluation and, if necessary, salvage. A copy of the paleontological survey report shall be submitted to the Los Angeles County Natural History Museum. Any fossils recovered during mitigation shall be deposited in an accredited and permanent scientific institution for the benefit of current and future generations.</td>
<td>Less Than Significant</td>
<td>Project Applicant/City of Los Angeles Department of Building and Safety</td>
<td>Prior to the submittal of building plans to the City of Los Angeles Department of Building and Safety</td>
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### Hazards and Hazardous Materials

**Threshold 4.7.3.3 (b):** Would the Project create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?

**MM HAZ-1:** Due to the presence of lead in the soil at the Project Site, a Soil Management Plan (SMP) shall be prepared. Prior to the commencement of grading and excavation, the Project Applicant shall retain a qualified environmental consultant to prepare a SMP that complies with all applicable regulatory requirements. The SMP shall be submitted to the City of Los Angeles Department of Building and Safety for review and approval prior to the commencement of excavation and grading activities. The SMP shall contain the following:

- The recommendations of the HHMD and LAFD.
- The SMP shall require that the Project Applicant remove and properly dispose of impacted materials in accordance with
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<td>applicable requirements of the DTSC, County of Los Angeles Fire Department and the South Coast Air Quality Management District.</td>
<td>• The SMP shall require that contaminated soils be transported from the Project Site by a licensed transporter and disposed of at a licensed storage/treatment facility to prevent contaminated soils from becoming airborne or otherwise released into the environment. • The SMP shall be implemented during excavation and grading activities. • A qualified environmental consultant shall be present on the Project Site during grading and excavation activities in the known or suspected locations of contaminated soils, and shall be on call at other times as necessary, to monitor compliance with the SMP and to actively monitor the soils and excavations for evidence of contamination.</td>
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<tr>
<td><strong>Threshold 4.7.3.3 (b):</strong> Would the Project create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?</td>
<td>MM HAZ-2: Prior to issuance of the Building Permit(s), the Project Applicant shall consult with the City of Los Angeles Department of Building and Safety regarding radon at the Project Site. After construction of each Phase, radon testing shall be conducted on the Project Site to confirm if radon concentrations in the new buildings on the Project Site exceed the USEPA action level of 4.0 pCi/L. The results of the radon tests shall be provided to the City of Los Angeles Department of Building and Safety. The Project Applicant shall implement any recommendations from the City of Los Angeles Department of Building and Safety regarding radon.</td>
<td>Less Than Significant</td>
<td>Project Applicant / City of Los Angeles Department of Building and Safety</td>
<td>Prior to the submittal of building plans to the City of Los Angeles Department of Building and Safety</td>
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<td><strong>Noise</strong></td>
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<td><strong>Threshold 4.10.3 (a):</strong> Would the Project result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the Project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?</td>
<td>MM N-1: The construction contractor will conduct noise monitoring near sensitive receivers identified for this Project, during the suspected noise producing construction activities. During times that active construction equipment is within 200 feet of a residence or other sensitive receiver, noise measurements will be taken for at least three 15-minute periods per hour for two hours. If the monitored noise levels exceed background (ambient) noise levels by 5 dB or feet of a residence or other sensitive receiver for two or more 15-minute periods per hour, then the construction contractor will mitigate noise levels using temporary noise shields, noise barriers or other mitigation measures to comply with those restrictions or standards. (See mitigation measures N-2 and N-3 below.)</td>
<td>Potentially Significant sometimes during Project construction</td>
<td>Project Applicant/HACLA and City of Los Angeles Planning Department</td>
<td>During Project construction</td>
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<td><strong>Threshold 4.10.3 (a):</strong> Would the Project result in generation of a substantial temporary or permanent increase in</td>
<td>MM N-2: The construction contractor will use the following source controls, in response to complaints and/or when ambient noise monitoring of complainant’s exposure shows that noise from construction exceeds ambient</td>
<td>Potentially Significant sometimes during Project construction</td>
<td>Project Applicant/HACLA and City of Los Angeles Planning Department</td>
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| ambient noise levels in the vicinity of the Project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? | levels by at least 5 dBA, except where not physically feasible:  
  - Use of noise producing equipment will be limited to the interval from 8:00 a.m. to 5:00 p.m., Monday through Friday.  
  - For all noise producing equipment, use types and models that have the lowest horsepower and the lowest noise generating potential practical for their intended use.  
  - The construction contractor will ensure that all construction equipment, fixed or mobile, is properly operating (tuned up) and lubricated, and that mufflers are working adequately.  
  - Have only necessary equipment on site.  
  - Use manually adjustable or ambient sensitive backup alarms. |                                                      |                                      |                                     |
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| **Threshold 4.10.3 (a): Would the Project result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the Project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?** | MM N-3: The contractor will use the following path controls, in response to complaints and when ambient noise monitoring of complainant’s exposure shows exceedance of local standards, except where not physically feasible:  
• Install portable noise barriers, including solid structures and noise blankets, between the active noise sources and the nearest noise receivers.  
• Temporarily enclose localized and stationary noise sources.  
• Store and maintain equipment, building materials and waste materials as far as practical from as many sensitive receivers as practical. | Potentially Significant sometimes during Project construction | Project Applicant/HACLA and City of Los Angeles Planning Department | During Project construction |
<p>| | MM N-4: Advance notice of the start of construction shall be delivered to all noise sensitive receivers adjacent to the Project area. The notice shall state specifically where and when construction activities will occur, and provide contact information for filing noise complaints with the contractor and the City. | Potentially Significant sometimes during Project construction | Project Applicant/HACLA and City of Los Angeles Planning Department | During Project construction |</p>
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<td><strong>Threshold 4.10.3 (a):</strong> Would the Project result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the Project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?</td>
<td>MM N-5: Before issuance of a building permit, the building contractor shall prepare, and the City shall review and approve, a Construction Noise Control Plan. The plan shall include and describe in detail how mitigation measures N-1 through N-4 will be implemented.</td>
<td>Significant and Unavoidable sometimes during Project construction</td>
<td>Project Applicant/HACLA and City of Los Angeles Planning Department</td>
<td>During Project construction</td>
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| **Public Services - Police Protection** | | | | |
| **Threshold 4.11.b.3.1 (a):** Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the need for new or physically altered governmental facilities, construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for Police protection? | MM PS-1: Temporary construction fencing shall be placed along the periphery of the active construction areas to screen as much of the construction activity from view at the local street level and to keep unpermitted persons from entering the construction area. | Less than significant | Project Applicant/HACLA | Prior to the commencement of Project construction |
### Issue Area

**Threshold 4.11.b.3.1 (a):** Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the need for new or physically altered governmental facilities, construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for Police protection?

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<tr>
<td><strong>MM PS-2:</strong> Project plans shall incorporate the &quot;Design Out Crime Guidelines: Crime Prevention Through Environmental Design&quot;, published by the LAPD relative to security, semi public and private spaces, which may include but not be limited to, access control to building, secured parking facilities, walls/fences with key systems, well-illuminated public and semi-public space designed with a minimum of dead space to eliminate areas of concealment, location of toilet facilities or building entrances in high foot-traffic areas. These measures shall be approved by the City of Los Angeles Police Department prior to the issuance of building permits.</td>
<td>Less than significant</td>
<td>Project Applicant/HACLA and City of Los Angeles Police Department</td>
<td>Prior to the issuance of building permits by the City of Los Angeles</td>
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**Public Services - Recreation and Parks**

**Threshold 4.11.d.3.3 (a), (b) and (c):**

(a) Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the need for new or physically altered governmental facilities, construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for Police protection?

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<tr>
<td><strong>MM PS-3:</strong> During Project construction the construction contractor shall ensure that access to Rose Hill Recreation Center, Rose Hill Park, and Ernest Debs Regional park is maintained for the public. If access to these facilities is temporarily blocked off during construction, the construction contractor shall ensure that an alternate route is available for public access and the contractor shall provide signs clearly marking the alternate route to the park/recreation facilities.</td>
<td>Less than significant</td>
<td>Project Applicant/HACLA</td>
<td>During Project construction</td>
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**Issue Area** | **Project Design Features (PDFs) or Mitigation Measures (MMs)** | **Level of Significance After Mitigation** | **Responsible Party/Monitoring Party** | **Implementation Stage**
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Response times or other performance objectives for parks?

*Threshold (b):* Would the Project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

*Threshold (c):* Does the Project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?
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<td><strong>Transportation</strong></td>
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<td><strong>Threshold 4.15.3 (a): Would the Project conflict with a program plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?</strong></td>
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<td>MM TRANS-1: Prior to the commencement of Project construction, the Project Applicant for the Project will submit a detailed Construction Management Plan (with copy to HACLA) to be reviewed and approved by LADOT. In the Construction Management Plan, it will specify that the Construction Manager will schedule truck traffic and employee shifts to avoid creating trips during the peak traffic periods, as is feasible for construction operations. All measures including identified truck routes and designated employee parking areas must be included in the Construction Management Plan.</td>
<td>Less than significant</td>
<td>Project Applicant/ City of Los Angeles</td>
<td>Prior to issuance of a demolition permit</td>
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<td><strong>Threshold 4.15.3 (c): Would the Project result in inadequate emergency access?</strong></td>
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<td>MM TRANS-2: Prior to issuance of a demolition permit, the Project applicant shall submit to the City of Los Angeles Planning Department (with copy to HACLA) and the Planning Department shall approve a construction management schedule. The schedule shall include a street closure plan that details how vehicle traffic (including bus traffic, and potential temporary bus stop closure or relocation along Mercury Avenue), pedestrian traffic, and bicycle traffic will flow during temporary street closures during both Phase I and Phase II of Project construction.</td>
<td>Less than significant</td>
<td>Project Applicant/ City of Los Angeles Department of City Planning</td>
<td>Prior to issuance of a demolition permit</td>
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<tr>
<td>MM TRANS-3: Prior to issuance of a grading permit, the Project applicant shall submit to the City of Los Angeles Department of City Planning (with copy to HACLA) a construction management schedule that details truck traffic and employee shifts to avoid creating trips during the PM peak period. The schedule will specify that all truck trips shall be completed before 3:00 p.m. each day to avoid both employee and truck trips being generated during the PM peak period.</td>
<td>Less than significant</td>
<td>Project Applicant/City of Los Angeles Department of City Planning</td>
<td>Prior to issuance of a grading permit</td>
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January 06, 2020

Rose Olson  
Senior Vice President, Development  
Related California  
333 South Grand Avenue, Suite 4450  
Los Angeles, CA 90071  

Re: HUD_2018_1010_004

Dear Ms. Olson:

Enclosed please find a copy of the Programmatic Agreement regarding the Rose Hills Courts Development Project. Also enclosed is a copy of Attachment A, Archeological Testing Plan.

If you have any questions, do not hesitate to contact me at 310-792-2690 or via email at teresa@gpaconsulting-us.com. Thank you for your consideration of this matter.

Sincerely,

Teresa Grimes  
Principal Architectural Historian

Enclosures:  
Programmatic Agreement  
Archaeological Testing Plan

CC:  
Anthony Guy Lopez, ACHP  
Jenny Scanlin, HACLA  
Rushmore D. Cervantes and Shelly Lo, HCID
PROGRAMMATIC AGREEMENT
BETWEEN THE
CITY OF LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT
AND THE CALIFORNIA STATE HISTORIC PRESERVATION OFFICER
REGARDING THE ROSE HILL COURTS REDEVELOPMENT PROJECT
CITY OF LOS ANGELES, LOS ANGELES COUNTY, CALIFORNIA

WHEREAS, the United States Department of Housing and Urban Development (HUD) has
assigned City of Los Angeles Housing + Community Investment Department (HCID) to act as
Agency Official and HCID has assumed HUD responsibility for environmental review,
consultation, and coordination pursuant to Part 58; and

WHEREAS, Rose Hill Courts was determined eligible for listing in the National Register of
Historic Places (NRHP) by consensus with the State Historic Preservation Officer (SHPO) as a
historic district at the local level under Criterion A for its association with the development of
public and defense worker housing in Los Angeles during the Second World War and under
Criterion C as a public housing complex based on the planning and design principles of the
Garden City and Modern movements; and

WHEREAS, the City of Los Angeles Housing + Community Investment Department (HCID)
has been asked to approve funding subject to regulation by 24 CFR Part 58 (Part 58) for the
redevelopment of Rose Hill Courts (Undertaking), located at 4466 Florizel Street in the City of
Los Angeles, proposed by the Housing Authority of the City of Los Angeles (HACLA) in
cooperation with The Related Companies of California, LLC (Related); and

WHEREAS, the Undertaking includes demolition of the existing 100 public housing units at
Rose Hill Courts which constitutes an adverse effect on the historic property; and

WHEREAS, the Undertaking includes construction of 183 new affordable housing units and
two market-rate manager’s units which may have an effect on yet undisturbed subsurface
properties; and

WHEREAS, the City of Los Angeles is a Certified Local Government pursuant to Section
101(c)(1) of the National Historic Preservation Act (NHPA); and

WHEREAS, HCID has consulted with the California State Historic Preservation Officer
(SHPO) pursuant to the Programmatic Agreement (PA) among the City of Los Angeles, the
California State Historic Preservation Officer (SHPO), and the Advisory Council on Historic
Preservation (ACHP) regarding Historic Properties affected by the use of Community
Development Block Grants; Rental Rehabilitation Block Grants; McKinney Act Homeless
Programs Including the Emergency Shelter Grants Program, Transitional Housing, Permanent
Housing for the Homeless Handicapped, and Supplemental Assistance for Facilities to Assist the
Homeless; Home Investment Partnership Funds, and the Shelter Plus Care Program (Section
106 PA), executed September 1995; and
WHEREAS, pursuant to the Section 106 PA, HCID and SHPO have agreed that resolution of adverse effects cannot be achieved through a Standard Mitigation Measures Agreement (SMMA); and

WHEREAS, in accordance with 36 CFR § 800.6(a)(1), HCID has informed the Advisory Council on Historic Preservation (ACHP) of its adverse effect determination with specified documentation and the ACHP has chosen not to participate in consultation pursuant to 36 CFR § 800.6(a)(1)(iii); and

WHEREAS, in accordance with 36 CFR § 800.6(c)(2), HACLA, as the project proponent, has been invited to be a signatory to this agreement as an Invited Signatory; and

WHEREAS, in accordance with 36 CFR § 800.6(c)(3), Related, as one of the Project Sponsors, has been invited to be a signatory to this agreement as a Concurring Party; and

WHEREAS, HCID and HACLA have consulted Native American groups, including the Gabrielino-Tongva Tribe, Gabrielino/Tongva San Gabriel Band of Mission Indians, Gabrielino Tongva Indians of California Tribal Council, Gabrielino Band of Mission Indians-Kizh Nation, Fernandeño Tataviam Band of Mission Indians, and San Fernando Band of Mission Indians, regarding the Undertaking and taken all views expressed into account; and

WHEREAS, Gabrielino Band of Mission Indians-Kizh Nation has advised HCID that there is a possibility of identifying late prehistoric and/or historic period archaeological resources within the project area; and

WHEREAS, HCID and HACLA have consulted with interested parties through public meetings, stakeholder meetings, and written correspondence regarding the Undertaking and taken all views expressed into account; and

WHEREAS, HCID, pursuant to Stipulation X.D.4.a. of this Project PA, will outline actions to be taken if historical or cultural deposits are discovered during implementation of the Undertaking; and

NOW, THEREFORE, HCID and SHPO agree that the Undertaking shall be implemented in accordance with the following stipulations to take into account the effect of the Undertaking on historic properties, and further agree that these stipulations will govern the Undertaking and all of its parts until this Project PA expires or is terminated.

STIPULATIONS

HCID shall ensure that the following measures are carried out:

I. ADDRESSING ADVERSE EFFECTS OF THE UNDERTAKING ON HISTORIC ARCHITECTURAL PROPERTIES

A. Related shall prepare an interpretive display and install it in the new community building on the redeveloped Rose Hill Courts property. The interpretive display shall be completed to coincide with the opening of the community building once
construction is complete. It shall include a brief history of the historic property, its significance in the contexts of public and defense worker housing in Los Angeles during the Second World War and public housing design related to the Garden City and Modern movements, and a description of the Undertaking which led to the demolition of the historic property. The display shall be professionally written, illustrated, and designed. The content shall be prepared by persons meeting the Secretary of the Interior’s (SOI) Professional Qualifications Standards for History or Architectural History. HCID shall ensure that Related has satisfactorily completed the interpretive display as described in this stipulation and submit the draft content to SHPO for review and approval. SHPO shall have 30 days to review the interpretive display content before it is produced and installed.

B. HACLA shall add to its existing website a section dedicated to the history of HACLA and public housing in Los Angeles within six (6) months from the issuance of the Certificate of Occupancy for the Rose Hill Courts Redevelopment Project. The website shall provide content on the history of the agency, the significance of public housing in the City, and notable examples of public housing architecture and site planning. It shall include links to other scholarly sources of information on the history and design of public housing. The new website section shall be professionally written, illustrated, and designed. The content shall be prepared by persons meeting the SOI Professional Qualifications Standards for History or Architectural History. HCID shall ensure that HACLA has satisfactorily completed the new website section as described in this stipulation and submit the draft content to SHPO for review and approval. SHPO shall have thirty (30) days to review the content before it is published. Once the new website section is complete, HACLA shall publicize it in its monthly newsletter.

II. STANDARDS FOR ARCHAEOLOGY AND HISTORIC PRESERVATION

A. All actions prescribed by this Project PA that involve the identification, evaluation, analysis, recordation, treatment, monitoring, and disposition of historic properties and that involve the reporting and documentation of such actions in the form of reports, forms or other records, shall be carried out by or under the direct supervision of a person or persons meeting, at a minimum, the Secretary of the Interior’s Professional Qualifications Standards (PQS), for the appropriate discipline (48 FR 44739, September 29, 1983). Tribal consultants who are available to perform monitoring duties are assigned and approved by each Tribal Organization.

B. All preservation activities carried out pursuant to this Project PA shall meet the Secretary of the Interior’s Standards for Archeology and Historic Preservation (48 FR 44716-44740, September 29, 1983).

III. ARCHAEOLOGICAL TESTING AND EVALUATION PROGRAM

HACLA shall acquire and retain the services of a Project Archaeologist to ensure that the following measures are carried out:
A. An archaeological testing and evaluation program shall be conducted as deemed necessary by the Project Archaeologist in accordance with the Archaeological Testing Plan (ATP), which is included as Attachment A of this Project PA.

B. HCID shall use the NRHP criteria for evaluating the significance of the archaeological properties. The quality of significance in American history, architecture, engineering, and culture may be present in district, sites, buildings, structures, and objects that possess integrity of location, design, setting, material, workmanship, feeling, and association, and:

a. That are associated with events that have made a significant contribution to the broad patterns of our history; or
b. That are associated with the lives of persons significant in our past; or
c. That embody distinctive characteristics of a type, period or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose component may have individual distinction; or
d. That have yielded or may be likely to yield information important in prehistory or history.

C. If an archaeological resource is encountered that the Project Archaeologist determines is NRHP eligible, the Project Sponsors shall act in accordance with the applicable provisions of this Project PA. The property and eligibility determination shall be submitted to the SHPO for review pursuant to the terms of 36 CFR 800.4.

D. If resources are discovered that the Project Archaeologist determines meet NRHP Criterion D, and if preservation in place is not feasible, an Archaeological Data Recovery Program (ADRP) shall be implemented in accordance with this Project PA. If resources are discovered that may meet NRHP Criteria A and/or B and/or C, then representatives of the appropriate descendant community or the appropriate community members shall be consulted on the determination. Upon such consultation with the appropriate descendant community representatives, the Project Archaeologist will identify the appropriate treatment and this treatment will be implemented by the Project Sponsors. If after fifteen (15) days of notification to the descendant community, the descendant community does not respond to the request for consultation, the Project Archaeologist will identify the appropriate treatment, as approved by the Project Sponsors.

E. Archaeological Monitoring

1. The Project Archaeologist shall determine what project activities shall be archaeologically monitored. In most cases, any intact ground-disturbing activities shall be archaeologically monitored. Ground-disturbing activities shall include foundation demolition and removal, excavation, grading, utilities installation, foundation work, pike drive (foundation, shoring, etc.). These activities shall require archaeological monitoring because of the risk these activities pose to archaeological resources and their depositional context.
2. Archaeological Monitor(s), including a Native American Monitor under the supervision of the Project Archaeologist, shall be present and reasonably compensated for their monitoring services on the project site according to a schedule agreed upon by the Project Archaeologist until the Project Archaeologist determines that ground-disturbing activities are complete.

F. Final Archaeological Resources Report.

1. The Project Archaeologist shall submit an Advanced Draft, Draft, and Final Archaeological Resources Report (FARR) to the Consulting Parties and the SHPO. That report shall evaluate the historical significance of any discovered archaeological remains and shall describe the research methods employed in the testing, monitoring, and data recovery programs undertaken. A tribal monitoring report shall be included as an appendix to the FARR.

2. Once approved by the Project Archaeologist, SHPO, and the Project Sponsors, copies of the FARR shall be distributed and filed with the repositories listed below. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the final report. All sensitive material that is considered confidential shall not be distributed to the public and only the South Central Coastal Information Center at California State University, Fullerton shall be provided with a full and complete document with all sensitive and confidential materials provided.

   a. Los Angeles County Library
   b. Los Angeles Conservancy
   c. California Office of Historic Preservation
   d. Los Angeles Office of Historic Resources
   e. South Central Coastal Information Center at California State University, Fullerton

3. In instances of high public interest in or the high interpretive value of the resource, the Project Archaeologist may deem a different final report format and distribution.

G. Post-Review Discoveries. After all archaeological work has concluded there is the further possibility that unanticipated discoveries of archaeological deposits and/or feature(s) could occur during subsequent construction activities. It is possible such actions could unearth, expose, or disturb subsurface archaeological, historical, or Native American resources that were not identified during the previous archaeological phases. To facilitate compliance with regulatory requirements, project personnel shall be alerted to the possibility of encountering archaeological materials and/or human remains during this stage of construction and apprised of the proper procedure to follow in the event that such materials are found in accordance with 36 CFR 700.13(a)(3).
IV. CONSULTATION WITH DESCENDANT COMMUNITIES

On discovery of archeological remains associated with descendant Native Americans or other potentially interested descendant group(s), appropriate representatives of the descendant groups and the Project Archaeologist shall be contacted. Representative(s) of the descendant group(s) shall be given the opportunity to monitor archeological field investigations of the remains and to consult with the Project Archaeologist regarding appropriate treatment of the remains, of the recovered data, and, if applicable, any analysis, interpretative treatment, cataloguing, curation, reporting, and/or repatriation of the associated archeological remains. A copy of the Final Archaeological Resources Report shall be provided to the representatives of the descendant groups when requested.

V. TREATMENT OF HUMAN REMAINS OF NATIVE AMERICAN ORIGIN

If human remains are discovered at any time during the implementation of the Undertaking, HCID, the Project Archaeologist and the other Project Sponsors shall follow the provisions of the California Health and Human Safety Code (Human Remains) Section 7050.5, as well as all local laws as appropriate. This shall include immediate notification of the Los Angeles County Coroner, and in the event of the Coroner's determination that the human remains are prehistoric Native American remains, notification of the California State Native American Heritage Commission (NAHC) shall ensue. The NAHC shall appoint a Most Likely Descendant (MLD) (PRC Section 5097.98). The Project Archeologist, HCID, Project Sponsors, and MLD shall develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects and items of cultural patrimony. The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, documentation, custodianship, curation, and final disposition (including repatriation) of the human remains and associated or unassociated funerary objects and items of cultural patrimony.

VI. DISCOVERIES AND UNANTICIPATED EFFECTS

If HCID determines after construction of the Undertaking has commenced, that either the Undertaking will affect a previously unidentified property that may be eligible for the NRHP or affect a known historic property in an unanticipated manner, HCID will address the discovery or unanticipated effect in accordance with 36 CFR §800.13(b)(3). HCID at its discretion may hereunder and pursuant to 36 CFR §800.13(c) assume any discovered property to be eligible for inclusion in the NRHP.

VII. OBJECTIONS

A. Should any signatory, including Concurring Parties, object at any time to the manner in which the terms of this agreement are implemented, HCID shall consult with the objecting party(ies) to resolve the objection and inform the other signatories of the objection. If HCID determines within fifteen (15) calendar days of receipt that such objections cannot be resolved, HCID shall forward all documentation relevant to the dispute to the ACHP in accordance with 36 CFR § 800.2(b)(2). HCID in reaching a final decision regarding the dispute shall take any ACHP comments provided into account. HCID’s responsibility to carry out all other actions under this Project PA that are not the subjects of the dispute shall remain unchanged.
B. At any time during implementation of the measures situated in this agreement, should an objection to any such measure or its manner of implementation be raised in writing by a member of the public, HCID shall take the objection into account and consult, as needed, with the objecting party, the SHPO, and the Concurring Parties as needed, for a period of time not to exceed fifteen (15) calendar days and inform the other signatories of the objection. If HCID is unable to resolve the conflict, HCID shall forward all documentation relevant to the dispute to the ACHP in accordance with 36 CFR § 800.2(b)(2).

VIII. DURATION OF THE AGREEMENT

This Project PA is in effect for five (5) years from the date of execution. At any time, the signatories can agree to amend this Project PA in accordance with the amendment process referenced in Stipulation X, below.

IX. DISPUTE RESOLUTION

A. Should any signatory object at any time to the manner in which the terms of this Project PA are implemented, the ACHP shall be asked to comment in accordance with 36 CFR § 800.2(b)(2).

B. At any time during implementation of the stipulations outlined in this Project PA should an objection to any such stipulation or its manner of implementation be raised in writing by a member of the public, HCID shall take the objection into account and consult, as needed, with the objecting party, the SHPO, and the Concurring Parties, as needed, for a period of time not to exceed fifteen (15) calendar days. If HCID is unable to resolve the conflict, HCID shall forward all documentation relevant to the dispute to the ACHP pursuant to 36 CFR § 800.2(b)(2).

X. AMENDMENTS, NON-COMPLIANCE, AND TERMINATION

A. If any signatory believes that the terms of this Project PA cannot be carried out or that an amendment to its terms should be made, that signatory shall immediately consult with the other parties to develop amendments pursuant to 36 CFR § 800.6(c)(7). If this Project PA is not amended as provided for in this stipulation, any signatory may terminate it with 30 days' notice, whereupon HCID shall proceed in accordance with 36 CFR § 800.6(c)(8).

B. If either the terms of this Project PA or the Undertaking have not been carried out within five (5) years of the execution of this agreement, the PA will expire unless the signatories extend the PA by amendment.
C. Execution and implementation of this Project PA shall serve as evidence that HCID has afforded the ACHP a reasonable opportunity to comment on the Undertaking and its effects on historic properties, that the City has taken into account the effects of the Undertaking on historic properties, and HCID has satisfied its responsibilities under Section 106 of the NHPA.
SIGNATORIES:

City of Los Angeles Housing + Community Investment Department

By: [Signature] Date: 11-20-19
Rushmore D. Cervantes, General Manager

California State Historic Preservation Officer

By: [Signature] Date: 12-18-19
Julianne Polanco, State Historic Preservation Officer
California Office of Historic Preservation

INVITED SIGNATORIES:

Housing Authority of the City of Los Angeles

By: [Signature] Date: 11-27-19
Douglas Guthrie, President & CEO

CONCURRING PARTIES:

The Related Companies of California, LLC

By: [Signature] Date: 12-3-19
Archaeological Testing Plan
Rose Hill Courts Redevelopment Project
City of Los Angeles
Los Angeles County, California

Prepared for:

Los Angeles Housing + Community Investment Department
1200 West 7th, 1st Floor
Los Angeles, CA 90017

Prepared by:
Stephen O'Neil, M.A., RPA, Principal Investigator
Alan Garfinkel Gold, Ph.D., RPA, Principal Archaeologist

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1.0 CONTEXT AND INTRODUCTION

This Archaeological Testing Plan (ATP) is somewhat unconventional in that it is intended simply as a companion document to the Rose Hill Courts Programmatic Agreement (PA) and the related Phase I Cultural Resources Survey. A systematic pedestrian survey of the proposed project area and an exhaustive archival research program strongly supports the contention that no prehistoric or historic archaeological remains will be discovered during the Rose Hills Courts demolition and construction project. However, the California State Historic Preservation Office (OHPO) strongly recommended that a Programmatic Agreement rather than a Memorandum be prepared for the Project. Given that the PA is an authoritative document, it seemed prudent to develop this related ATP even though there is only a very remote possibility of discovering buried cultural remains during the demolition and construction activities as determined by the Project’s Phase I Cultural Resources Survey and the Environmental Impact Report (EIR). Hence, when reviewing the present document the reader is cautioned that the ATP is simply a hypothetical instrument and there is no present basis for discerning any significant probability or even possibility of the late discovery of cultural materials within the Project.

The Housing Authority of the City of Los Angeles (HACLA) in cooperation with The Related Companies of California, LLC (Related) proposes to redevelop Rose Hill Courts (RHC) public housing site (the Project) located at 4466 Florizel Street in the City of Los Angeles (Figure 1). The Project specifically proposes to redevelop the existing 5.24 acre (228,255 square feet) Project Site located within the Northeast Los Angeles Community Plan (Community Plan), in the El Sereno Community of the City of Los Angeles (City). The Project proposes to build 185 new multi-family units, 174 parking spaces and a Management Office/Community Building. The existing 15 structures onsite, which currently have significant capital needs due to their age, would be demolished.

An Environmental Impact Report/Environmental Impact Statement (EIR/EIS) is being prepared for the Project. That report is fashioned to be in compliance with both the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). Section 106 of the National Historic Preservation Act (NHPA) requires that all federal agencies Planning Actions defined as "undertakings" consider the effects of their undertakings on historic properties. Rose Hill Courts is a historic property that was determined eligible for listing in the National Register of Historic Places (NRHP) as a historic district through the federal review process. This new Project involves funding from HUD that qualifies as an "undertaking."

The Project has a Programmatic Agreement (PA) between HACLA and the City of Los Angeles Housing + Community Investment Department (HCIDLA), and the California State Historic Preservation Office (SHPO) (currently in draft form). This PA was prepared because the parties involved determined that the resolution of adverse effects could not be achieved through a Standard Mitigation Measures Agreement, and so the Project, or Undertaking, shall be implemented in accordance with several stipulations that would take into account the effect of the undertaking on historic properties. The need for an Archaeological Testing Plan (ATP) is addressed in Stipulation II.D, wherein such a Plan will be developed as deemed necessary. The ATP itself is identified in Stipulation III.

UltraSystems Environmental Inc. (UltraSystems) has prepared this ATP to apply with respect to the remote possibility that cultural resources and/or historic features might be discovered.

The initial cultural resources investigation that has been already completed and includes: 1) a literature review; 2) records search accessing the archives at the Information Center; 3) Native
American consultation and coordination; 4) Sacred Lands File Search through the California Native American Heritage Commission; and 5) a pedestrian survey (see Background section below.) A Phase I pedestrian survey often excludes subsurface investigation, and so no exploration of the subsurface Project areas was undertaken. However, it is not possible to discern if there are cultural features or further evidence of aboriginal occupation under the surface of the ground.

This ATP is prepared and intended as a template which will serve as guidance if a Phase II compliance effort is found necessary per specifications in the PA.

**Background Setting:**

The information provided in the Project’s Background Setting is taken in large part from the Phase I Cultural Resources Report prepared by UltraSystems for the Rose Hill Courts Development Project Environmental Impact Report (O’Neil 2019).

1.1.1 **Natural Setting**

The Project lies within the City of Los Angeles, Los Angeles County, in coastal southern California. Los Angeles is located on a hilly coastal plain with the Pacific Ocean as its southern and western boundaries. The city stretches north to the foothills of the Santa Monica Mountains and is bounded by the San Gabriel Mountains to the east. Numerous canyons and valleys characterize the region, making it an area of diverse micro-climates.

The predominant weather influences in the Los Angeles area is the warm, moist Pacific air, keeping temperatures mild throughout the year. Summers are dry and sunny with most of the precipitation falling during winter, receiving on average 17 inches of rain per year. The city is quite large covering 469 square miles.

Prior to urbanization, creeks flowed across the Los Angeles Basin (better identified as a plain) from the San Gabriel Mountains to the ocean with little hindrance. These water courses often meandered across the plain to different physical locations over time. The Los Angeles Basin, situated behind the coast, was, in the preindustrial era, primarily grassland and coastal scrub brush. In the past, several rivers and large creeks contained riparian habitat as well as estuaries at their ocean exits.

1.1.2 **Cultural Setting**

1.1.2.1 **Prehistoric Context**

The term "prehistoric period" refers to the period prior to the arrival of Euroamericans. It is widely acknowledged that human occupation in the Americas began about 13,000 or more years ago (all dates presented here are calibrated radiocarbon ages or calendar dates). However, recent discoveries in areas outside of California have pushed that age back several thousand years more to about 15,000 or even perhaps up to nearly 20,000 years ago (Smith and Barker 2017).

To describe and understand the cultural processes that occurred during prehistory, archaeologists have routinely developed a number of chronological frameworks to correlate technological and cultural changes recognized in the archaeological record. These summaries bracket certain time spans into distinct archaeological horizons, traditions, complexes, and phases.
Many archaeologists tend to follow the regional syntheses adapted from a scheme developed by William J. Wallace in 1955 and modified by others (Chartkoff and Chartkoff 1984; Moratto 1984; Sutton et al. 2007; Wallace 1978; Warren 1968 and others). Although the beginning and ending dates vary, the general framework of prehistory in the Southern California area consists of the following four periods:

- **Paleoindian and Lake Mojave Periods** [Pleistocene and Early Holocene] (ca. 11000 B.C. to 6000 B.C.). This time period is characterized by highly mobile foraging strategies and a broad-spectrum of subsistence pursuits. These earliest expressions of aboriginal occupation in America were marked by the use of large dart or spear points (Fluted and Concave Base points) that are an element of the Western Clovis expression. Following the earliest portions of this time span there was a change in climate coincident with the retreat of the glaciers. Large bodies of water existed and lakeside aboriginal adaptations were common. Large stemmed points (Western Stemmed Series – Lake Mojave and Silver Lake points) were accompanied by a wide variety of formalized stone tools and were employed with the aid of atlatls (dart throwing boards). The latter archaeological materials are thought to be representative of an adaptation that was in part focused on lacustrine and riverine environments.

- **Millingstone Horizon** [Middle Holocene] (ca. 6000 B.C. to A.D. 1000). During this time span mobile hunter-gatherers evolved and became more sedentary. Certain plant foods and small game animals came to the forefront of indigenous subsistence strategies. This prehistoric cultural expression is often notable for its large assemblage of millingstones. These are especially well-made, deep-basin metates accompanied by formalized, portable handstones (manos). Additionally, the prehistoric cultural assemblage of this time period is dominated by an abundance of scraping tools (including scraper planes and pounding/pulping implements), with only a slight representation of dart points (Pinto, Elk, and Gypsum types).

- **Late Prehistoric Period** (ca. A.D. 1000 to 1500). Following the Millingstone Horizon were cultures that appeared to have a much more complex sociopolitical organization, more diversified subsistence base and exhibited an extensive use of the bow and arrow. Small, light arrow points (Rose Spring Series), and, later pottery, mark this period along with the full development of regional Native cultures and tribal territories.

- **Protohistoric Period** (ca. A.D. 1500 to 1700s). This final cultural period ushered in long-distance contacts with Europeans, and thereby led to the Historic Period (ca. A.D. 1700 to contemporary times). Small arrow points recognized as Desert Side-notched and Cottonwood forms are a hallmark of this time period.

### 1.1.2.2 Ethnohistoric Context

The Project area lies within the area of the Gabrielson/Tongva aboriginal territory (Bean and Smith 1978:538), who speak a language classified as a member of the Uto-Aztecan language stock. Gabrielson is specifically identified as an element of its Northern Takic Branch.

The Gabrielson were considered one of the most populous, wealthiest, and therefore most powerful ethnic nationality in aboriginal Southern California (Bean and Smith 1978:538). Unfortunately, most Gabrielson cultural practices had declined long before systematic ethnographic studies were
instituted. Today, the leading sources on Gabrielino culture are Bean and Smith (1978), and McCawley (1996).

According to the recent research, Takic groups were not the first inhabitants of the region. Archeologists suggest that the Takic in-migration may have occurred as early as the Middle Holocene, replacing or intermarrying with indigenous Hokan speakers (Howard and Raab 1993; Porcasi 1998). By the time of Euroean contact, the Gabrielino territory included the southern Channel Islands and the Los Angeles Basin reaching east into the present-day San Bernardino-Riverside area and south to the Santa Ana River in central Orange County.

Different groups of the Gabrielino adopted varied types of subsistence, based on varying combinations of gathering, hunting, and/or fishing. Because of the similarities to other Southern California tribes in economic activities, inland Gabrielino groups’ industrial arts, dominated by basket weaving, demonstrated no substantial difference from those of their neighbors (Kroeber 1925). Coastal Gabrielino material culture, on the other hand, reflected an elaborately developed artisanship most recognized through the medium of steatite, which was rivaled by few other groups in Southern California.

The intricacies of Gabrielino social organization are not well known. There appeared to have been at least three hierarchically ordered social classes, topped with an elite consisting of the chiefs, their immediate families, and the very rich (Bean and Smith 1978). Some individuals owned land, and property boundaries were marked by the owner’s personalized symbol. Villages were politically autonomous, composed of non-localized lineages, each with its own leader. The dominant lineage’s leader was usually the village chief, whose office was generally hereditary through the male line. Often several villages were allied under the leadership of a single chief. The villages were frequently engaged in warfare against one another, resulting in what some consider to be a state of constant enmity between coastal and inland Gabrielino groups.

The first Franciscan establishment in Gabrielino territory and the region was Mission San Gabriel, founded in 1772. Priests from here proselytized the Tongva throughout the Los Angeles Basin region. As early as 1542, however, the Gabrielino were in contact with the Spanish as a result of the coastal sea expedition of Juan Rodríguez Cabrillo, but it was not until 1769 that the Spaniards took steps to colonize Gabrielino territory. Shortly afterwards, most of the Gabrielino people were incorporated into Mission San Gabriel and other missions in Southern California (Engelhardt 1931). Due to introduced diseases, dietary deficiencies, and forceful reduction (removal of non-agrarian Native populations to the mission compound), Gabrielino population dwindled rapidly from these impacts. By 1900, the Gabrielino Native community had almost ceased to exist as a culturally identifiable group. In the late 20th century, however, a renaissance of Native American activism and cultural revitalization among a number of groups of Gabrielino descendants took place. Among the results of this movement has been a return to a traditional name for the tribe, the Tongva, which is employed by several of the bands and organizations representing tribal members. Many of the bands focus on maintaining and teaching traditional knowledge, with special focus on language, place names, and natural resources.

The downtown Los Angeles area, situated among a foothill transition zone and the Los Angeles River traversing the middle, was an ideal location for Native settlements (McCawley 1996:57). The village of Yaanga was situated near the old Plaza of Los Angeles approximately one and a half miles southwest of the Park site at the edge of the plain, and a village named Geverobit was apparently also very near this same location by the river. The Tongva community of Maawnga was set on the west edge of the Calabenga Hills to the west (McCawley, 1996:55). In the Rose Hills, “on the road from
San Gabriel to Los Angeles" according to mission priest José Zalvidea was the village of ‘Ochuunga, a name derived from ‘ochuur, “wild rose” in Tongva. This ancient trail through the hills connected the two valleys was eventually transformed into Mission Road and Huntington Drive, passing approximately 800 feet east of Rose Hill Courts. Also referred to as Otsunga, this nearby Tongva village was located near the present-day community of El Sereno.

The Village of Otsunga

In the Rose Hills area itself, “on the road from San Gabriel to Los Angeles” according to Mission San Gabriel priest Fr. José Zalvidea, was the village of ‘Ochuunga, a name derived from ‘ochuur, “wild rose” in Tongva (also spelled Otsunga). A trail and trade route through a canyon in the hills connected the large coastal valley to San Gabriel and other valleys linking villages along the way; this trail was eventually transformed into Mission Road and Huntington Drive, passing approximately 800 feet east of Rose Hill Courts.

Evidence for the village of “Ochuunga” is available in the sacramental registers of Mission San Gabriel, where from 1775 through 1813 there were 146 village inhabitants baptized and, in large part, brought to the mission grounds to live, and another five residents came to Mission San Fernando in 1801 and 1805 (ECPP 2019). This population makes it one of the larger Gabrielino villages during the Contact Period. The location of this village within the Rose Hills area is witnessed from the fact that the ranch for this region was termed Rancho Rosa de Castillo, both the village and the rancho being named for the abundance of the native rose bush (Rosa californica) that flourished in the well-watered canyons here. This rancho, situated between the Los Angeles Pueblo lands and those held by Mission San Gabriel, was granted to Juan Bastillo in 1831 who used it for cattle ranching. Encompassing approximately 3,300 acres, it covered almost five square miles. Bastillo built an adobe casa (home) where the California State University Los Angeles campus currently sits, approximately two miles southeast of the Rose Hill Courts Project site.

Attempting to more exactly locate the village of Otsunga poses problems due to the lack of clear and precise information. Local ethnographic works by major researchers such as A. L. Kroeber (1925), Bean and Smith (1978) and Johnson (2006) do not attempt to indicate the village on their maps of Gabrielino territory. However, the placename itself does make the location likely to have been generally situated within the same named Rose Hills and near the creek here identified as Rio Rosa de Castillo. It likely would have been situated on the rancho named for it, but that covers approximately five square miles. Often a ranchero situated his hacienda on the most favorable plot of land of the estate with flat, well-watered surroundings. Such a location often was also the site of a prominent Native American village - this may have been the case with Otsunga. Interviews with members of the Gabrielino community in the early 20th century by anthropologist/linguist John P. Harrington (1986: Reels 102-105) elicited memories of the village name and location. One of Harrington's consultants, identified as "Z" (for José Maria Zalvidea, not to be confused with the earlier Franciscan priest) was familiar with the term 'utšuvt (‘tʃʃ/ for the "ch" sound; the suffix "-vit" means a person from a place); "Z" placed the village “on the road [traditional trail] from San Gabriel to Los Angeles, about three miles from San Gabriel” (Harrington 1989:Reel 102, Fr 326-R). Measuring this distance from Mission San Gabriel southwest along Mission Road toward Los Angeles, this would place Otsunga on the west edge of Alhambra adjacent to El Sereno, about two miles east of the Project site. Another consultant identified as "F" (Feliz) pronounced the name as 'otšuvt, stating that "there is a big matanza (slaughter house [or field]) there now at the site of ʻotšuvt, about half-way between Los Angeles and San Gabriel. Railroad and wagon road pass by Rosa de Castillo" (Harrington 1989:Reel 102, Fr 326-R). Railroad tracks still parallel Mission Road in its south side, and half-way
between Mission San Gabriel and old downtown Los Angeles along this route. "F" also places the village site at the eastern edge of the community of El Sereno and near the border of Alhambra, approximately two miles east of the Project site. Considering that a rancho _matanza_ would require relatively flat, open space with water nearby, such topography exists in this immediate area where there is a railroad yard at a locality named Auran (USGS 1966). That location is along the creek that was just a half-mile north of the CSU Los Angeles campus that contains the rancho hacienda. The convergence of these elements match what would be expected for the trail, creek, _matanza_, and rancho hacienda, and match the descriptions provided by Harrington's Gabriellino consultants on the general location of the village of _Otsungna_ relative to Mission San Gabriel and old downtown Los Angeles. The general location of the creek, traditional trail, and Contact Period village were all along what is now Mission Road, 1.5 miles southeast of the Project.

The above analysis leads to the suggestion that the probable location of _Otsungna_ was somewhere along a wide space along the canyon connecting Mission San Gabriel with old downtown Los Angeles, which now contains Mission Road, at the eastern edge of El Sereno and northwest of the CSU Los Angeles campus. This location is approximately 1.5 to 2.25 miles southeast of the Rose Hill Courts Project site.

It would be expected that a Contact Period village site such as _Otsungna_, given the size of its population, would leave considerable archaeological material in the ground. There is no evidence, however, for such a prehistoric or Contact Period habitation at the Rose Hill Courts Project site and vicinity as determined by the present cultural resources report (O'Neil 2019).

1.1.2.3 Historic Context

Spanish/Mexican Era

Spanish occupation of Alta California began in 1769, in San Diego. The first Europeans to explore the area that would become Alta California were members of the 1542 expedition of Juan Rodriguez Cabrillo. Cabrillo sailed along the California coast, but did not explore the interior. Europeans did not attempt inland exploration until 1769, when Lieutenant Colonel Gaspar de Portolá led an overland expedition from San Diego to Monterey. This expedition of 62 people passed north and west of the Project in August 1769 (Brown 2001), and may have encountered the Tongva village of _Koruuvungna_ in the Santa Monica Region (Brown 2001:347; McCawley 1996:61). The Expedition camped near here, at the village’s water supply, a spring which still flows to this day on the grounds of University High School. The name was said to mean “we are in the warmth, it says we are in the sun now...” (Harrington 1986; in McCawley 1996:61).

Mission San Gabriel was established in the Los Angeles Basin in 1771, and the Los Angeles Pueblo was established as a civilian settlement on September 4, 1781 (Engelhardt 1931). The Mission San Gabriel lands were used for the support of the mission and provided for the large population of Tongva Native Americans. The mission lands were held in trust for Native peoples by the Franciscan missionaries for eventual redistribution. The lands along the coast, however, were open for early settlement by the colonists from New Spain.

Mexico rebelled against Spain in 1810, and by 1821, Mexico, including California, achieved independence. The Mexican Republic began to grant private land to citizens to encourage emigration to California. Ranchos soon surrounded the mission lands in all directions, often on tracts originally intended for the neophytes.
Following Mexican independence from Spain (1821), the Rancho Rosa de Castilla (Rose of Castile Ranch) was granted in 1831 to Juan Ballesteros. He was the Register of the Pueblo of Los Angeles from 1823 to 1824. The rancho was named after the stream running through the area. This stream was called the *Arrroyo Rosa de Castilla* because of the roses growing on its banks. It includes what are now Lincoln Heights, El Sereno, City Terrace, and parts of South Pasadena, Alhambra, and Monterey Park. After the secularization of the missions in 1833, the ranch passed to Francisco (Chico) Lopez. He had a home in Paredon Blanco (now Boyle Heights), but kept his cattle here. In 1840 he expanded the adobe on the ranch which had been built by workers from the Mission in 1776. This adobe was located in what is now the City of Alhambra near Westmont Drive and Jurich Place. In the late 1840s, he obtained title to a ranch near Lake Elizabeth in northern Los Angeles County and moved his cattle from *Rancho Rosa de Castilla* to this ranch.

The Mexican-American War of 1846 saw the invasion of California from both land and sea by the United States. Following the rapid influx of population to the north because of the Gold Rush of 1849, California was made a state in 1850. The economic and social order was slow to change in the southern portion of the state, however, and rancheros were left in control of their vast estates through the 1860s. Los Angeles was a part of the “Cow Counties” and had little representation in the state legislature because of the sparse population. This allowed the predominantly Anglo population of the north to pass laws aimed at breaking up the Mexican ranchos for settlement by Eastern farmers. Additionally, devastating droughts killed much of the livestock, crippled many of the ranchos. The collapse of the ranchos and dismantling of their land ownership helped pave the way for the “Boom of the Eighties” which saw an influx of people from the rest of the United States and the beginning of many of the towns we see today (Dumke 1944). This was the time of sustained growth for Los Angeles, and satellite communities started to form around the city to the east, south, and west. Further, the plains between these developed areas came to be filled with farms and orchards.

**The History of El Sereno**

The following discussion was adapted from the “History of El Sereno” (Cassen 1994), provided by the El Sereno Historical Society

The Rancho Rosa de Castilla was acquired around 1850 by Anaclet Lestrade, priest of Our Lady of the Angels Church on the Plaza. In 1852, Juan Baptiste and his wife Catalina Hegui Batz, who had arrived in California from Argentina in 1850, acquired the adobe ranch house from Lestrade. Jean-Baptiste engaged in farming and sheep ranching until his death on December 6, 1859. Under the Homestead Act, Catalina Batz received official title to the 160 acres upon which the adobe stood in 1876. The ranch eventually encompassed a total of 3,283 acres of land. It included the contemporary communities of Ramona Acres (City of Alhambra), Sierra Vista (El Sereno), Sierra Park (El Sereno), West Alhambra (Alhambra and El Sereno), and Bairdstown (El Sereno) west to El Sereno Avenue (now Eastern Avenue).

The Southern Pacific Railroad was built through El Sereno in 1876. Catalina Batz purchased the majority of the excess lands adjacent to the tracks after the railroad was completed. Due to Southern Pacific’s high fares, development of this area did not immediately follow. Competition soon arrived with the advent of the Santa Fe Railroad, which built trackage to Los Angeles in 1887. A fare war between the two railroads lowered rates bringing many immigrants from the East and Midwest to Los Angeles. During the subsequent real estate boom, the Yorba and Paige Tract, at the western edge of El Sereno, was recorded in October 1887. The adjacent Omaha Heights Tract was recorded in 1892.
The pastoral setting of this area changed radically with this development of rail transportation lines. On May 1, 1895 the first inter-urban rail route in Southern California opened from Los Angeles to Pasadena along the Arroyo Seco, spurring the development of residential subdivisions along that route. In 1902, the Pasadena Short Line was opened along Los Angeles-Pasadena Boulevard, now Huntington Drive.

The Short Line Villa Tract was annexed to the City of Los Angeles as part of The Arroyo Seco Annexation on February 9, 1912. This annexation also included the Yorba and Paige Tract, Grid of and Hamilton's Rose Hill Tract adjacent to Monterey Road and the Pasadena Villa Tract, a local subdivision that extended south from the Arroyo Seco.

El Sereno's population rose markedly as the country prepared for World War II. Due to the rationing of gas and rubber, communities along the Pacific Electric routes received the majority of new residents who came to work at the aircraft and munitions factories in Los Angeles. El Sereno experienced major industrial growth during these years.

Restrictive covenants had prevented Mexican-American families who lived in the adjacent communities of Lincoln Heights and Boyle Heights from purchasing homes in El Sereno. After restrictions were lifted by a 1948 Supreme Court decision (Shelly v. Kraemer), many Mexican-American families moved to El Sereno. The demand for housing after World War II was satisfied by the construction of new neighborhoods in the southern end of El Sereno.

1.1.2.4 Site-Specific Research

The cultural resources inventory and related archival research for the Rose Hill Courts Project included a background cultural resources records check (archival research) at the South Central Coastal Information Center (SCCIC), California State University, Fullerton, a Sacred Lands File (SLF) search request to the NAHC, and the acquisition of a list of local Native American entities to contact from the NAHC. A pedestrian cultural resource survey of the entire Project area was completed (O'Neil 2019.)

1.1.2.5 FINDINGS

Records Search

Based on the cultural resources records search conducted at the SCCIC, no prehistoric cultural resource sites or isolates have been recorded within the Project or within the half-mile buffer. The records search did show the presence of one historic property within the half-mile buffer zone. This is Soto Street Bridge over Mission Road and Huntington Drive South (P-19-188230). Built 1936–38, the bridge carries Soto Road over Mission Road and Huntington Drive South. The bridge is approximately 2,250 feet due south of the Project site.

A letter report prepared by GPA Consulting states that the Rose Hill Courts is significant as one of the oldest public housing complexes in Los Angeles that exemplified city planning and public welfare practices, and was determined eligible for listing on the National Register of Historic Places (NRHP); as such it was automatically included in the California Register of Historic Places (CRHR) (Grimes 2015:1).
Previous Cultural Resources Investigations

According to records at the SCCIC, there have been no previous cultural resource surveys within the Project boundary. Three cultural resources surveys had been completed within the 0.5-mile buffer. As noted above, none of the cultural resource surveys recorded prehistoric or historic cultural resources within the Project site.

LA-00588 was a cultural resource survey and impact report for a tentative parcel in the hills approximately 1000 feet to the north of the Rose Hill Courts. LA-01319 was an archaeological survey report assessing a large parcel to the north for two adjacent proposed waste disposal sites. LA-06371, a wireless facility assessment, was conducted approximately 2,200 feet due east of the Project site. No prehistoric or historic properties were found by any of these surveys.

Native American Outreach

On April 25, 2018, Mr. O'Neil submitted a request to the NAHC via email, fax and mail for a SLF search within the 0.5-mile project buffer. The results of the search request were received April 26, 2018, at the office of UltraSystems from Ms. Gayle Totton, Associate Governmental Program Analyst. The NAHC letter stated that “A record search of the NAHC Sacred Lands File was completed for the area of potential effect (APE) referenced above with negative results [emphasis in the original].”

UltraSystems prepared letters to each of the nine tribal contacts representing seven tribal organizations provided by the NAHC. On April 26, 2018 Mr. O'Neil mailed letters and sent emails with accompanying maps to all seven tribal groups (Gabrielleño Band of Mission Indians – Kizh Nation, Fernandeño Tataviam Band of Mission Indians, San Fernandeño Band of Mission Indians, Gabrieno/Tongva San Gabriel Band of Mission Indians, Gabrieno Tongva Indians of California Tribal Council, Gabrieleno-Tongva Tribe and Gabrieleno/Tongva Nation) describing the Project and showing the Project’s location, requesting a reply if they have knowledge of cultural resources in the area that they wished to share, and asking if they had any questions or concerns regarding the Project.

Mr. Andrew Salas, Chairman of the Gabrielleño Band of Mission Indians – Kizh Nation, replied by email May 1, 2018 stating that the Project area has the potential for discoveries of cultural resources, and requested that Native American monitors be present during ground disturbing activities. Mr. Jairo Avila, THPO for the Fernandeño Tataviam Band of Mission Indians responded by email on May 10, 2018, stating that the Project location is outside the Tataviam Band’s area of concern and consultation, and that they would defer to members of the Gabrieleno tribe who should be contacted instead.

Following up on the initial letter and email contacts, telephone calls were conducted by Megan Black on May 29, 2018 to the five tribal organizations who had not previously responded by email. There were three telephone calls placed with no answer, at which messages were left. When Chairperson Donna Yocum with the San Fernandeño Band of Mission Indians was reached, she deferred to more local tribal entities. During the call to Mr. Anthony Morales, Chairperson of the Gabrieleno/Tongva San Gabriel Band of Mission Indians, he stated that the Project area is culturally sensitive to the Band and requested that both a Native American and an archaeological monitor be present during ground disturbing activities. Mr. Robert F. Dorame, Chairperson of the Gabrieleno Tongva Indians of California Tribal Council, stated that he would like to have the contact letter and map resent to him via email, and to give them a week to respond, and that if we received no further response then they
have no comment; the letter and map were resent to him the same day, however, there has been no further reply to date.

Pedestrian Survey Results

On May 23, 2018, Mr. O'Neil conducted a Phase I pedestrian cultural resources survey using standard procedures and techniques that meet the Secretary of Interior's guidelines.

Planned demolition and redevelopment of the Rose Hill Courts are intended for every structure, and so the entire parcel was inspected. Survey transects were conducted in an opportunistic manner in conformity with the available exposed ground surface and layout of the landscaping between the sets of apartments. There are wide lawns surrounding the perimeter of the Courts along the surrounding four streets, McKenzie Avenue on the east, Mercury Avenue on the south, Boundary Avenue on the west and Florizel Street to the north. Transects covering these lawns on each side were walked. Between the housing buildings were lawns and flower beds with trees, shrubs and annual bedding plants; these lawns were walked and the flower beds were observed by walking along their edges. The lawns were a mix of being well maintained on which occasions there was no soil visible; large portions, however, showed considerably die-back and/or had numerous gopher holes which provided views of surface and sub-surface soil. The perimeter patches of sparse grass cover and base of the interior flower beds allowed for approximately 20% visibility overall.

The result of the pedestrian survey was negative for both prehistoric and historic archaeological sites, features and isolates.

1.1.3 Geotechnical Setting and Grading

1.1.3.1 Geotechnical Setting

A geotechnical study was conducted at the RHC project site by Geocon West, Inc. in 2018. This consisted of soil borings at 21 locations scattered through the site (Figure 2). Information from a review of the boring findings can be helpful to determine the potential sensitivity of the subsurface deposits for cultural resources given that buried archaeological sites require relatively undisturbed ground with stratigraphic integrity to be present.

The bore locations were situated throughout the entire project site, in all four quadrants, including along the outer edges and within the center of the site, with a minimum of two bores in the northwest quadrant and a maximum of eight in the southeast quadrant. The depths of the borings varied from a minimum of 5 feet in Borings 4, 8, 10, 18 and 19, to a maximum of 56.5 feet in Boring 2. In eight of the bores the uppermost soil layer consisted of Artificial Fill usually described as “Silty Sand, medium dense, dry, light brown, fine-grained, some medium-grained, trace rootlets, trace fine gravel,” sometimes with “abundant brick fragments.” The fill was encountered in Borings 3, 4, 6, 9, 10, 11, 12 and 13, and reached depths ranging from 2.5 below the surface to 6 feet. The bores that encountered fill were not in a cohesive area, though five of the eight were in the northeast quadrant while the remaining three were scattered among the southwest and southeast quadrants. In the remaining 13 borings Alluvium was the top soil encountered. This was usually described as “Clayey Silt, stiff, slightly moist, dark brown, low plasticity, trace fine-grained sand,” with lower layers of alluvium being brown or yellowish brown. The depth of dark brown alluvium ranged from 5 feet to 10.5 feet deep, with lower layers of alluvium reaching to 47 feet. Below the alluvium Puente Formation “Silstone” was encountered. Borings were always concluded if the Puente Formation was encountered, but sometimes the bore only went as deep as 5 feet into alluvium and then stopped.
The surface artificial fill was encountered at spots scattered throughout the project site. However, data from the borings demonstrate that use of fill was not continuous in all areas. The boring results show that there were alluvium deposits at the surface present between all of the demonstrated artificial fill surface deposits. Therefore it cannot be assumed that any given area will have artificial fill at the surface even with it is present nearby. There were no surface deposits of bedrock, represented by the Puente Formation in the project site.

While statistically, fill may actually be present 38% of the time given its presence in eight of the 21 borings, these locations appear almost randomly scattered throughout the project site. Therefore it should be assumed that any given portion of the project's ground surface may have native alluvium at the surface.

1.1.3.2 Tuck-Under Parking Background

A new element for parking in the Rose Hill Courts Redevelopment plan will be "Tuck-Under Parking" along the south side of the project site. This will be located along the east edge of Buildings C and D parallel to Boundary Avenue, and along the length of Buildings G, H and I parallel to Mercury Avenue (Figure 3). A review of the "Master Site Plan" and the "Phase II - Site Section / SD19" drawings (Whithee Malcolm Architects: 2019), indicate that the Tuck-Under Parking will be situated at ground level, equivalent with the first floor of the other residential buildings, while portions of Buildings C, D, G, H and I's first residential floor will now be above the parking spaces at what otherwise would be the second floor of buildings that do not have tuck-under parking. This configuration means that there will be no extra grading or excavation required at these five buildings to accommodate the Tuck-Under Parking. Therefore no special archaeological monitoring will be required during the grading for this aspect of the project.

(It was seen that in the ten geotechnical borings conducted along the south and west sides of the project site, where Buildings C, D, G, H and I will be located, there were three borings that encountered artificial fill at the surface, with the remaining seven borings encountering alluvium.)
2.0 ARCHAELOGICAL TESTING PLAN (ATP)

The Archaeological Testing Plan:

Within the Programmatic Agreement (PA), Stipulation III directly relates to the requirement for an Archaeological Testing Plan (ATP) that would be necessitated if during Project construction historic or prehistoric archaeological findings are discovered. An archaeological testing and evaluation program shall be conducted in accordance with such an ATP. The ATP is to be reviewed and approved by the SHPO. The ATP shall specify the types of archaeological remains that may potentially be adversely affected by the proposed construction project, the testing methods to be used, and the locations recommended for testing.

As stated above in Section 1.0 Context and Introduction, we feel that there is only a remote possibility that a late discovery will occur during Project demolition or construction.

The purpose of the ATP is to outline the means by which the presence/absence and extent of archaeological resources within the Project may be determined and to evaluate whether these late discovery resources constitute an historical property using the criteria of the NRHP.

The Project Archaeologist shall submit a written report of the findings relating to the ATP to SHPO. If, based on the testing plan, the Project Archaeologist finds that significant archaeological remains are present, then it shall be determined if additional mitigation measures are warranted. Additional measures that may be undertaken include excavation and testing, supplemental monitoring, and/or an archaeological data recovery program. No archaeological data recovery program shall be undertaken without the prior approval of the Project Archaeologist.

If the Project Archaeologist determines that a significant (NRHP eligible) archaeological resource is present and that the resource could be adversely affected by the project, at the discretion of the Project Sponsors either:

a. The proposed project shall be re-designed as to avoid any adverse effects on the significant archaeological resource; or

b. A data recovery program shall be implemented, unless the Project Archaeologist determines that the archaeological resource is of greater interpretive value than its research significance and that the interpretive use of the resource is the more feasible alternative.

ATP Purpose:

The purpose of this Archaeological Testing Plan (ATP) is to outline the manner in which to determine the extent and possible presence/absence of historic and/or prehistoric archaeological resources. Further, this plan is meant to provide the means by which to identify whether such resources constitute a significant historical property using the criteria of the NRHP. This ATP shall specify the types of archaeological remains that could be adversely affected by the proposed Project, the testing methods to be used, and the locations recommended for testing.

Types of Archaeological Remains:

The types of archaeological remains that might be expected at the Rose Hill Courts Project include: flaked stone debitage, bifaces, projectile points, formalized and informal flaked stone tools, ground
stone (milling equipment), ceramics, bone artifacts and eco-facts including animal remains and macro-botanical remains; and historic artifacts.

Further there would be the potential to identify a midden – culturally altered soils containing charcoal, macro-botanical remains, and economic animal bone. Also there would be the potential to identify prehistoric features that would include roasting hearths, caches of artifacts, house pits or floors, postholes. Many types of historic features could also be found including privies, structural foundations, wells, and a host of other forms relating to Euroamerican use of the area.

There is also the possibility of identifying human remains and related mortuary offerings (see discussion below).

**Field Methods for Test Excavations:**

If found necessary, collection of artifacts and excavations will consist of a series of Test Excavation Units (TEUs) and Shovel Test Pits (STPs) within and immediately outside the locations of the Late Discoveries. The latter might be isolated individual artifacts, concentrations of artifacts, features, or the presence of a midden.

The TEUs will be one meter square and these units will be excavated in 10 cm levels. Each will be excavated to sterile soil or at least 20 cm below the appearance of a sterile level even if no cultural material is observed, as permitted by the presence of bedrock. Material from each of the TEUs will be screened in 1/8” mesh screens.

If an historic or prehistoric archaeological feature is discovered then a TEU will be excavated over that discovery and an additional one meter square unit will be placed so as to identify the full extent and associated archaeological materials.

Additionally, there will be a number of STPs excavated. These STPs will be the standard 30 cm width (shovel width) and they will be excavated in 20 cm levels. Each STP will be excavated to sterile soil or at least 20 cm in depth even if no cultural material is observed, as permitted by the presence of bedrock. Soil extracted from each of the STPs will be screened in 1/8” mesh screens.

The location of all TEUs and STPs will be recorded with a sub-meter GIS device and plotted on a site map. Sidewall profiles of the TEUs will be drawn. Any artifacts recovered will be recorded and collected in standard professional fashion. Level record sheets will be completed for each excavation unit. Photographs and drawings will be made of each TEU.

All cultural material collected will be returned to the cultural consulting firm's office and analyzed by a specialist in the dating, flaked stone and ground stone technology, and function of flaked, ground and battered stones, beads and ornaments, faunal remains and plant macrofossils (as appropriate). Organic material, such as charcoal, charcoal-imbedded soil, faunal or macrobotanical remains would be collected and up to two samples will be submitted for radiocarbon assays.

**Curation:**

Following the completion of the cataloging and analytical methods, Project collections, notes, field records, and related documentation will be prepared for permanent curation according to the Smithsonian Institution guideline and the requirements of a permanent curation facility. Materials to be curated include archaeological samples, artifacts, ecofacts, paper and electronic records, maps,
Management and Treatment of Human Remains:

In the event that human remains are discovered the Project Archaeologist will contact the Los Angeles County Coroner. Upon determination that the remains are likely prehistoric and/or Native American, the Coroner shall contact the Native American Heritage Commission (NAHC) within 24 hours, and the NAHC will immediately notify the person it believes to be the Most Likely Descendent (MLD) of the deceased Native American. Further procedures will be followed as required by the Public Resources Code, Sections 5097.94, 5097.98, 5097.99, and Health and Safety Code, Section 7050.5.

3.0 EVALUATION OF ARCHAEOLOGICAL RESOURCES / LABORATORY METHODS

The procedures used in the initial processing of recovered material include the cleaning (as appropriate), sorting, and cataloging of all items. All items are to be individually examined and cataloged according to class, type, and material; counted; and weighed on a digital scale. The cultural material would be sorted during cataloging into the following categories: flaked stone debitage, bifaces, formal and informal stone tools, projectile points, ground stone, ceramics, and bone artifacts; eco-facts including animal remains and plant macrofossils; and historic artifacts.

All flaked stone will be separated by toolstone material types. Debitage, including both flakes and angular debris, will be sorted by subclass and by cortex (primary, secondary, and interior). Flakes with more than 50 percent dorsal cortex are to be classified as primary, those with less than 50 percent as secondary, and flakes with no cortex were labeled as interior. Angular debris that could not be oriented as to proximal/distal ends or ventral/dorsal side is to be classified as core shatter.

The classification of flaked stone tools is determined by the type and technology of modification. Ground stone artifacts are classified as to type, including bifacial and unifacial manos and milling tools (stone bowls or mortars, pestles, milling slabs or metates) and fragments. Length, width, and thickness measurements are to be taken on all modified stone using a digital caliper. Ceramics are to be sorted by ware, type, and vessel fragment type (i.e., rim or body). The eco-factual class consisted of unmodified vertebrate faunal remains and plant macrofossils. Modified bone is separated from the unmodified bone assemblage. Historic items are cataloged and identified as specifically as possible.

4.0 ARCHAEOLOGICAL MONITORING PROGRAM

For the construction phase of the Project an Archaeological Monitor and a Native American Monitor may be required. This is addressed in Stipulation III.G.d of the PA.

Monitoring is recommended in Project areas where there would be intact (relatively undisturbed ground) areas where project construction activities are being conducted. Monitors would be needed within 50 feet of where intact ground is being excavated (see Section 2.4). Safety is paramount and all monitors are required to undergo safety briefings and shall abide by all Occupational Safety and Health Administration (OSHA) and Project Safety Requirements. Monitors have the authority to halt work. A record of safety briefings shall be completed and all monitors shall participate.
Archaeological Monitors shall have the following qualifications and responsibilities:

- Monitors shall be familiar with the types of historic and prehistoric remains that are found within the study area;
- Monitors shall maintain a daily work log that includes: date and time of work, area worked, type of work being carried and construction equipment present, construction activities performed, nature of monitoring activities, cultural resources present, name of other monitors working on the project.

Color digital photographs shall be taken as deemed appropriate to document monitoring activities.

Monitors shall provide daily updates to the Project Archaeologist. Weekly reports will be sent to the Project Archaeologist summarizing the character of their work. These reports shall include: when and where the monitoring work took place, dates they were employed, and hours worked, when they started and when they exited the Project. Once the monitoring activity is complete a full and complete monitoring report will be completed and transmitted to the client Project Archaeologist.

The monitoring report shall include:

- All monitoring activities;
- Locations of monitoring;
- Dates of monitoring;
- Personnel and resumes;
- Resources that were identified and protected;
- Damaged resources and the effects of those impacts –
- Resources discovered, their character and significance;
- Management and treatment measures implemented.


5.0 FINAL ARCHAEOLOGICAL RESOURCES REPORT

A professional scientific report will be crafted that will present the results of the background, methods and findings related to the implementation and execution of the ATP. This report will follow the standard scientific guidelines for cultural resources investigations. The report will adhere to elements of the Secretary of the Interior's Standards for Archaeological Documentation (National Park Service 1983). The technical report and related special studies will be responsive to professional standards and also be consistent with the ARMR guidelines. Precise locational data shall be provided in a separate appendix.

The report shall contain the results of Native American consultation and coordination, a discussion of the natural environment, research design, field methods, laboratory methods, related specialized studies, analytical methods and results, discussion of the age of the remains, their cultural and historical affiliation, cultural context, site function, site significance, and relevant potential meaning and interpretation.
The report will be filed with the client (The Related Companies of California [Related]), the oversight agency (Housing Authority of the City of Los Angeles [HACLA]) and with the local CHRIS information center, the South Central Coastal Information Center (SCCIC), and UltraSystems.

6.0 LATE DISCOVERIES

Management of Previously Unknown Sites and Features:

There may be the remote possibility for a need to explore and test for the presence of subsurface cultural materials where there are "late discoveries" (prehistoric or historical archaeological materials or features) recognized during construction. Also, previously unknown artifacts, features, or sites could possibly be encountered during construction. The spatial distribution of features and their functional types are important in terms of intra-site structure, site spatial organization, and site function. The recovery and documentation of cultural remains will include mapping the discovery location, photographing the materials in situ, illustrating individual artifacts, sketching features, soil profiling, and related test excavations. A discussion of the disposition and curation of recovered artifacts is presented above under Curation.

Guidelines for treatment of late discoveries are as follows:

- The monitor (archaeological or Native American) shall have the authority to halt work in the vicinity of the discovery and redirect heavy equipment from the discovery site.
- All ground-disturbing activities that could adversely affect the newly discovered cultural material shall be halted. The horizontal and vertical limits of the resource within the area shall be determined. If necessary the resource shall be protected by barriers and monitors to ensure that no further disturbance to the resource takes place.
- The Project Archaeologist shall evaluate the discovery.
- The criteria for listing in the National Register of Historic Place shall be applied.
- If the cultural resource is determined to be an historic property (eligible for the NRHP), consultation shall take place to consider the appropriate treatment measures.
- Consultation with Native American groups or interested parties regarding the find shall occur.
- If needed a Data Recovery Plan shall be developed.
- The discovery of human remains during construction requires special procedures as indicated above.
- Discoveries, their evaluation, analysis and significance shall be reported in a final report for the Project.
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FIGURES
Figure 1: Topo Map of Project Site.
Figure 2: Geotechnical Boring Sites at Project Site.
Figure 3: Rose Hill Courts Site Plan Rendering.
APPENDICES

(TBD if a final ATP is prepared to address discoveries)

RESUMES OF KEY PERSONNEL.

(TBD if a Project Archaeologist to retained)
DECLARATION OF RESTRICTIVE COVENANTS
FOR THE
DEVELOPMENT AND OPERATION OF AFFORDABLE HOUSING

This Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing (the “Declaration”) dated March 11, 2021, for reference purposes only, by the Housing Authority of the City of Los Angeles (“HACLA”), a public body, corporate and politic, the fee owner of the real property, its successors, assigns and transferees (the “Real Property Owner”), Rose Hill Courts I Housing Partners, L.P., a California Limited Partnership, the leasehold owner of the real property and the fee owner of the housing development improvements, its successors, assigns and transferees (the “Housing Development Owner”) is hereby given to and on behalf of the California Department of Housing and Community Development, an agency of the State of California (the “Department”).

RECITALS

This Declaration affects that certain real property commonly known as 4446 Florizel Street, located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in the Legal Description attached hereto as Exhibit “A” and incorporated herein by this reference (the “Property”) and is entered into based on the following facts and understandings:

1. Real Property Owner and the Department entered into an agreement 19-IIG-14417 dated [INSERT DATE OF EXECUTION], 2021 (the “Standard
Agreement”), under the Infill Infrastructure Grant Program of 2019 (the “Program”). The Program was forth in Health and Safety Code sections 53559, 53559.1, and 53599.2 (added by Stats. 2019, ch. 159, § 20). The primary objective of the Program is to promote infill housing development.

2. Pursuant to the terms of the Standard Agreement, the Department agreed to provide Real Property Owner with a grant under the Program (the “Grant”) in an amount not to exceed $3,519,300.00. The Standard Agreement requires Real Property Owner to use the Grant to complete certain infrastructure improvements to the Property and to develop a residential development containing affordable housing units (the “Affordable Housing Development”) on the Property, all as specified in the Standard Agreement.

3. The Real Property Owner and the Department also entered into a Disbursement Agreement dated ______________, 2021 governing the disbursement of funds from the Program Grant (the “Disbursement Agreement”).

4. The Real Property Owner, as landlord, and the Housing Development Owner, as tenant, entered into that certain Ground Lease Agreement dated as of substantially even date herewith (the “Ground Lease”). In conjunction with the Ground Lease, the Real Property Owner and Housing Development Owner also executed that certain Memorandum of Ground Lease dated as of substantially even date herewith, which was recorded on substantially even date herewith, in the Official Records of the County of Los Angeles (the “Official Records”).

5. To ensure the construction and continued operation of the Affordable Housing Development and as consideration for the Program Grant, the Real Property Owner and Housing Development Owner agreed to encumber their respective interests and enter into this Declaration, to restrict the development, use and occupancy of the Affordable Housing Development.

6. The Real Property Owner is joining in this Restrictive Covenant for the sole purpose of encumbering its fee interest in the Property solely for the limited purpose of ensuring that the Property will be available for use as an Affordable Housing Development site and the Department shall not hold the Real Property Owner liable for the construction and the continued operation of the Affordable Housing Development.

7. The term “Owner” as used in this Declaration shall include Real Property Owner and Housing Development Owner, and all of their respective successors, assigns and transferees of their respective interests in the Affordable Housing Development and the Property.
NOW, THEREFORE, Owner, in consideration of the Department’s Grant to Real Property Owner and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner hereby covenants, agrees and declares that the Property shall be owned, held, used, maintained, and transferred pursuant to the following restrictive covenants (the “Covenants”) and that such Covenants shall be binding upon all of Owner’s successors, assigns and transferees to the Property, and all leases, tenants, contractors, agents, and all persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing.

COVENANTS

1. Construction, Operation and Maintenance of the Affordable Housing Development. Owner, for itself and for any successors-in-interest to and transferees or assigns of the Property, hereby declares and covenants that the Property is restricted to the development and use of the Affordable Housing Development and uses ancillary to such housing and other uses as may be reasonably approved by the Department in its sole discretion. The Affordable Housing Development shall be comprised of, at the minimum, the number and size of units, have such occupancy and affordability restrictions and such other characteristics as are described in Exhibit B, “Affordable Housing Development,” attached hereto and incorporated herein by this reference.

2. Repair and Maintenance of the Property and other Building or Improvements of the Affordable Housing Development. Owner agrees:

   a. To keep the Property in a decent, safe, sanitary, rentable, tenantable condition and repair, and permit no waste thereof;

   b. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

   c. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated as part of the Affordable Housing Development or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;

   d. To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to this Covenant;

   e. To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any
such law, ordinance or governmental regulation, nor of any
covenant, condition or restriction affecting the Property;

f. Not to initiate or acquiesce in any change in any zoning or other land
use or legal classification which affects any of the Property without
the Department's prior written consent; and

g. Not to alter the use of all or any part of the Property without prior
written consent of the Department.

3. **Restrictions on Sale, Encumbrance, and Other Acts.**

   a. Except with the Department's prior written approval, Owner shall not
make any sale, encumbrance, hypothecation, assignment,
refinancing, pledge, conveyance, or transfer in any other form of the
Property or the Affordable Housing Development or of any of its
interest in either of them. The transfer of any limited partnership
interest in the Housing Development Owner shall not constitute a
default hereunder and the removal and replacement of a general
partner pursuant to the Housing Development Owner’s partnership
agreement shall not constitute a default hereunder (please conform
to the HACLA loan agreement investor rider).

   b. The Department may grant its approval for a sale, transfer or
conveyance of the Property or the Affordable Housing Development
subject to such terms and conditions as may be necessary to
preserve or establish the fiscal integrity of the Property or the
Affordable Housing Development or to ensure compliance with the
Program Requirements.

4. **Charges; Liens.** Owner shall pay all taxes, assessments and other
charges, fines and impositions attributable to the Property or to the Affordable
Housing Development, if any, by Owner making payment, when due, directly to
the payee thereof. Owner shall promptly furnish to Department all notices of
amounts due under this paragraph, and in the event Owner shall make payment
directly, Owner shall promptly furnish to Department receipts evidencing such
payments. Owner shall pay when due all encumbrances, charges, and liens, on
the Property or to the Affordable Housing Development, any portion thereof and
payments on notes or other obligations secured by an interest in the Property or
Affordable Housing Development, any portion thereof, with interest in accordance
with the terms thereof. Owner shall have the right to contest in good faith any
claim or lien, or payment due thereunder, provided that Owner does so diligently
and without prejudice to Department.

5. **Hazard and Liability Insurance and Condemnation.**
a. The Owner shall at all times keep the Property and the Affordable Housing Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Department. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Department.

b. In the event of any fire or other casualty to the Property or Affordable Housing Development or eminent domain proceedings resulting in condemnation of the Property or Affordable Housing Development or any part thereof, Owner shall have the right to rebuild the Property or the Affordable Housing Development, and to use all available insurance or condemnation proceeds therefore, provided that, as determined by the Department in its sole discretion, (a) such proceeds are sufficient to rebuild the Property or Affordable Housing Development in a manner that ensures continued operation of the Affordable Housing Development and as consideration for the Program Grant, (b) the Department 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 breach or default then exists under the Grant. If the casualty or condemnation affects only part of the Property or Affordable Housing Development and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and/or partial repayment of the Grant.

6. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to these covenants, conditions, restrictions and limitations. All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land. Owner expressly acknowledges and agrees that the Covenants are reasonable restraints on Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and are not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument.

7. **Binding Effect.** Any purchaser of the Property or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from Owner or from any subsequent owner of the Property, or by the signing of a...
contract or agreement to purchase the Property, shall by the acceptance of such
deed or by the signing of such contract or agreement be deemed to have
consented to and accepted the Covenants set forth in this Declaration.

8. **Term of Declaration.** The Covenants in this Declaration shall be binding,
effective and enforceable commencing upon the execution of this Declaration and
shall continue in full force and effect for a period of not less than fifty-five (55) years
for Rental Affordable Housing Developments after a certificate of occupancy or its
equivalent has been issued for the Affordable Housing Development by the local
jurisdiction or, if no such certificate is issued, from the date of initial occupancy of
the Affordable Housing Development.

9. **No Approval of Building Permits.** Owner agrees not to approve or issue
any permits for the construction of improvements on the Property inconsistent with
the Affordable Housing Development as described in Exhibit B hereto.

10. **Default.** The following shall constitute a default of this Declaration and shall
entitle the Department to all of the remedies contained herein.

   a. Any default under the Standard Agreement or the Disbursement
      Agreement shall also be a default under this Declaration.

   b. Owner’s failure to repay all disbursed Grant funds upon demand by
      the Department where construction of the Affordable Housing Development has
      not received building permits and begun within five (5) years from the date of the
      Program Grant award to include any granted extension of the deadline date.

   c. Failure to complete the Affordable Housing Development, as
evidenced by a certificate of occupancy, within the period of time set forth in the
   Standard Agreement, but not more than eight (8) years from the date of the award
   of the Program Grant or any extension granted by the Department.

   d. The Housing Development Owner’s limited partner shall have the
   right, but not the obligation, to cure any default under the Declaration and the
   parties shall accept such performance as performed by the Housing Development
   Owner or Real Property Owner.

11. **Remedies.** The Department and its successors and assigns may use any
or all of the following provisions in the event of a default or breach of this
Declaration. The failure by the Department to exercise any specific right or remedy
shall not preclude the Department from exercising any other right or remedy, or
from maintaining any action to which it may otherwise be entitled at law or in equity:
a. **Specific Performance.** The development, use and maintenance of the Property as an Affordable Housing Development in accordance with Exhibit B attached to this Declaration is of a special and unique kind and character, so that a breach of any material provision of this Declaration by Owner, its successors, assigns or transferees, would not have an adequate remedy at law. Therefore, the Department’s rights in the affordable housing provisions may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

b. **Performance Lien.** Owner acknowledges that Department requires security to ensure the faithful performance of the Covenants in this Declaration. In order to provide such security, Owner hereby consents to the imposition of, and there is hereby imposed, a lien (“Lien”) on the Property as security for the doing and performance of the Covenants and other obligations set forth in this Covenant. Upon recordation of this Declaration in the office of the Recorder of the County of Los Angeles, State of California, the Lien shall have the priority of a judgment lien. The Lien may be foreclosed, at the discretion of the Department, by a judicial foreclosure or private foreclosure in the same manner that a mortgage of real property with power of sale given to the mortgagee may be foreclosed. For purposes of foreclosure of the Lien, the Department shall be deemed to be a mortgagee holding a mortgage with a power of sale. The Lien may be released by the Department, in its sole discretion, at any time by recording a separate instrument stating that the Lien is to be released. Notwithstanding, the Lien shall automatically terminate at the end of the duration of this Declaration, or upon the Declaration’s termination by the Department, or as otherwise ordered by a Court of law having jurisdiction over the Property. [NTD: If the Performance Lien provision remains, it should be limited the Housing Development Owner’s interest in the Property and Affordable Housing Development. It should not apply to the Real Property Owner’s interest in the Property.]

c. **Injunctive Relief.** In pursuing specific performance of the Covenants, the Department shall be entitled to petition the court for injunctive relief to preserve the Department’s interests in the Property and its rights under this Declaration. Such injunctive relief may include, but is not limited to, an order of the court restraining any development of the Property inconsistent with the Covenants made herein.

d. **Appointment of Receiver.** In conjunction with any other remedy provided herein or by law, the Department may apply to any court of competent jurisdiction for the appointment of a receiver to take over and operate the Affordable Housing Development in accordance with the terms of this Declaration and the Standard Agreement.
e. **Legal Actions.** In addition to any other rights and remedies, any party may institute a legal action to require the cure of any breach or default of the Covenants contained in this Declaration and to recover damages for any breach or default, or to obtain any other remedy consistent with the purpose of this Declaration. Damages may include, but are not limited to, reimbursement of the Department’s Grant to Owner with interest at the highest rate permissible under applicable law. In any action seeking enforcement or interpretation of any of the terms or provisions of this Declaration, the prevailing party shall be awarded, in addition to damages, injunctive relief, or other relief, its reasonable costs and attorneys’ fees.

12. **Department Review and Inspection.**

a. At any time during the term of this Declaration, the Department or its designee may enter and inspect the Property and inspect all accounting records pertaining to the construction of the infill infrastructure projects funded by the Grant, and the development or operation of the Affordable Housing Development. Upon request by the Department, the Owner shall notify occupants of upcoming inspections of their units in accordance with state law.

b. At the Department's request, the Owner shall provide, at Owner’s expense, a special audit of the infill infrastructure projects funded by the Grant and the Affordable Housing Development certified by an independent certified public accountant. The Department may also perform or cause to be performed audits of any and all phases of the Owner's activities related to the Grant.

c. The Department may request any other information that it deems necessary to monitor compliance with the Covenants and other requirements set forth in this Declaration and the Standard Agreement. The Owner shall provide such information within 14 days from the Department’s written request for such information.

d. The Owner agrees to regular monitoring of the housing development by the Department or such designee the Department may name at any time during the term of the Standard Agreement and/or Covenant, to verify compliance with the requirements of the Program. The Owner, or designee, shall submit annual reports as required by the Department on forms approved or provided by the Department, detailing components of the on-going operations of the housing development, as noted in this subsection. The components of annual operations for which reporting is required, which the Department retains the right to inspect, or cause to be inspected
(subject to the rights of residential tenants of the Affordable Housing Development), include, and are not limited to:

1. The Affordable Housing Development, including interior of units, common areas, and exterior of the development;
2. Tenant files, demonstrating compliance with Program affordability standards;
3. Financial records, including the right to request a certified financial audit of the revenue, expenses, and operations of the housing development; and
4. Insurance records to ensure continuous insurance coverage in accordance with Department and Program requirements.

13. **Owner Representations.** Each Owner, as to itself, represents and warrants to the Department that: (1) Housing Development Owner has sufficient interest in the Property to own, develop, construct and operate the Affordable Housing Development in accordance with this Declaration, (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions or exclusions to which Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration, (3) Owner has the full right and authority to enter into this Declaration, (4) this Declaration constitutes a valid and legally binding obligation on Owner, enforceable in accordance with its terms, and (5) Owner is duly organized and authorized to do business in the State of California.

14. **Governing Law.** This Declaration shall be interpreted and be governed by the laws of the State of California.

15. **Severability.** Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

IN WITNESS WHEREOF, the Owner has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

**REAL PROPERTY OWNER:**

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic
By: _____________________
Douglas Guthrie
President and Chief Executive Officer
HOUSING DEVELOPMENT OWNER

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co.,
LLC,
a California limited liability company
its administrative general partner

By: ______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California
nonprofit public benefit corporation
its sole member

By: ______________________________
Tina Smith-Booth

All signatures must be acknowledged.

ADD NOTARY ACKNOWLEDGEMENT
EXHIBIT “A”

LEGAL DESCRIPTION OF THE PROPERTY

THOSE PORTIONS OF LOTS 1, 2 AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1;

THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59'22" WEST, 451.00 FEET;
THENCE SOUTH 00°00'38" WEST, 174.46 FEET;
THENCE SOUTH 89°59'22" EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3;
THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00'15" EAST, 174.46 FEET TO THE POINT OF BEGINNING.

CONTAINING 78,680 SQUARE FEET, MORE OR LESS.
ALL AS
## I. Description of Units

<table>
<thead>
<tr>
<th># of Bedrooms</th>
<th># of Units</th>
<th>IIG Restricted</th>
<th>Income Limit (% AMI)</th>
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<td>11</td>
<td>30</td>
</tr>
<tr>
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</tr>
<tr>
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<tr>
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<tr>
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<td>1</td>
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</tr>
<tr>
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</tr>
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</tr>
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<tr>
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<td><strong>Total</strong></td>
<td><strong>89</strong></td>
<td><strong>50</strong></td>
<td></td>
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</tbody>
</table>

**Net Density (Guidelines Sec. 302(o))**: 183.67%
II. Other Housing Development Requirements

A. The required average net density is 50 units per acre.

B. The proposed or planned amenities shall be completed (other in existence) by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Amenity Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Amenities</th>
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<td>Public Park</td>
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<td>Employment Center</td>
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<tr>
<td>Retail Center</td>
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<tr>
<td>Public School or Community College</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Social Service Facility</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Senior Center or Senior Service Facility</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

C. The proposed or planned transit stations or major transit stops shall be completed by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Transit Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Transit Stations or Stops</th>
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</thead>
<tbody>
<tr>
<td>Transit Station</td>
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</tr>
<tr>
<td>Major Transit Stop</td>
<td>.2</td>
<td>1</td>
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</table>

Declaration of Restrictive Covenants – IIG Program  
Owner:  HACLA  
Project:  Rose Hill Courts  
Rev:  08-10-2020  
Prep:  04-12-21  
Page 14 of 1515
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

MUFG Union Bank, N.A.
Attn: Collateral Management
P.O. Box 65168
Phoenix, AZ 85082-5168

(HCD Infill Covenant Agreement)

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR RIGHTS UNDER CERTAIN AGREEMENTS RELATING TO CERTAIN REAL PROPERTY BECOMING SUBJECT TO, AND OF LOWER PRIORITY THAN, THE LIEN OF A SECURITY INTEREST.

THIS SUBORDINATION AGREEMENT (this “Agreement”), dated for reference purposes as of May 1, 2021, by ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Owner”), the DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, a public agency of the State of California, (the “Department”), in favor of MUFG Union Bank, N.A. (“Bank”), in its capacity as assignee of the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (“Governmental Lender” and collectively with Bank, “Senior Lienholder”).

WITNESSETH

WHEREAS, Owner owns a leasehold interest in and to that certain real estate more particularly described on Exhibit “A” (“Real Property”) and to all improvements now or hereafter located thereon (the “Improvements”; and collectively, with the Real Property, the “Property”); and

WHEREAS, [the Housing Authority of the City of Los Angeles (the “Housing Authority”) and The Related Companies of California, LLC, a California limited liability company (“RCC” and collectively with the Housing Authority, hereinafter referred to as “Recipient”)] [CHECK: CONFIRM GRANT RECIPIENTS], as the sponsor of Owner’s proposed project on the Property, and the Department entered into that certain Standard Agreement (“Infill Grant Standard Agreement”) dated as of ______________, 2021, pursuant to which the Department agreed to make a grant (the “Infill Grant”) to Recipient in an amount equal to Three Million Five Hundred Nineteen Thousand Three Hundred and No/100 Dollar ($3,519,300.00). The Infill Grant shall be disbursed pursuant to the terms of that certain Infill Infrastructure Grant Program Disbursement Agreement dated as of ______________, 2021 (“Infill Grant Disbursement Agreement”), by and between the Department and Recipient; and
WHEREAS, pursuant to the terms of the Infill Grant Standard Agreement, Owner and the Department have entered into that certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing ("Restrictive Covenant") dated ______________, 2021, to be recorded concurrently herewith in the Official Records of Los Angeles County, California ("Official Records"), which encumbers the Real Property. The Infill Grant Standard Agreement, the Infill Grant Disbursement Agreement and the Restrictive Covenant are sometimes hereinafter collectively referred to as the "Infill Grant Documents"; and

WHEREAS, Owner, Governmental Lender, and Bank have entered into that certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated of even date herewith (the "Senior Loan Agreement") pursuant to which Governmental Lender has agreed (subject to the satisfaction of certain conditions) to make to Owner a loan in amount equal to $38,298,113.00 [CHECK], that certain Promissory Note A-1 (Tax Exempt - Construction) (Multifamily Housing Back to Back Loan Program) in the original principal amount of $15,158,632.00 [CHECK], that certain Promissory Note A-2 (Taxable - Construction) (Multifamily Housing Back to Back Loan Program) in the amount of $6,454,481.00 [CHECK], and that certain Promissory Note A-3 (Tax Exempt - Permanent) (Multifamily Housing Back to Back Loan Program) in the amount of $16,685,000.00 [CHECK], each dated of even date herewith, made by Borrower to the order of Governmental Lender (collectively, the "Senior Note"). Repayment of the Senior Note is secured by, among other things, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Trust Deed) (Multifamily Housing Back to Back Loan Program) dated of even date herewith and recorded concurrently herewith in the Official Records encumbering the Real Property (the "Senior Deed of Trust"). The Senior Loan Agreement, the Senior Deed of Trust and all other documents evidencing, securing or pertaining to the Loan are sometimes hereinafter collectively referred to as the "Senior Loan Documents". All right, title and interest of Governmental Lender with respect to the Loan and the Senior Loan Documents have been assigned to Bank; and

WHEREAS, it is a requirement in the Senior Loan Documents that the Senior Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the Restrictive Covenant; and

WHEREAS, it is a condition precedent to Senior Lienholder making the Loan, that the Senior Deed of Trust be a lien or charge upon the Real Property prior and superior to the Restrictive Covenant and provided that the Department will specifically and unconditionally subordinate the lien or charge of the Restrictive Covenant to the Senior Deed of Trust; and

WHEREAS, it is to the mutual benefit of the parties hereto that Senior Lienholder provide the Loan to the Owner; and the Department is willing that the Senior Deed of Trust shall constitute a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the Restrictive Covenant and the other Infill Grant Documents; and

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Lienholder to consent to the Restrictive Covenant, the parties to this Agreement do hereby declare, understand and agree as follows:
1. That the Senior Deed of Trust and the Senior Loan Documents, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property therein described, prior and superior to the lien or charge of the Restrictive Covenant and the other Infill Grant Documents. Notwithstanding the foregoing, Senior Lienholder shall not make any amendments to the Senior Loan Documents which increase the loan amount, change the method used to calculate the interest rate, or eliminate any required interest reserve without the prior written consent of the Department.

2. Notwithstanding anything to the contrary set forth in the Senior Loan Documents, any and all disbursements made by Bank to or for the account or benefit of Owner or the Project in connection with any sums advanced by Bank for the payment of real estate taxes or assessments or insurance premiums, or any other sums advanced or obligations incurred by Bank in connection with the protection or preservation of any security given to Bank with respect to the Loan (including costs to complete construction of the Improvements), shall be deemed to be, and in all events shall be, secured by the Deed of Trust and, as so secured, and regardless of whether Owner at the time of any such disbursements may have been in default under the Senior Loan Agreement, Senior the Deed of Trust, or any of the other the Senior Loan Documents and regardless of whether Bank was obligated to make any such disbursements, shall be and remain a lien or charge against the Project that is unconditionally prior and superior to the effect of the Restrictive Covenants and the other Infill Grant Documents.

3. That Senior Lienholder would not have consented to the Restrictive Covenant without this subordination agreement.

4. That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Restrictive Covenant to the lien or charge of the Senior Deed of Trust and the Senior Loan Documents and shall supersede and cancel, but only insofar as would affect the priority between such documents, any prior agreement as to such subordination, which provide for the subordination of the lien or charge of the Restrictive Covenant.

5. The Department declares, agrees and acknowledges that:

   (a) the Department has been offered an opportunity to review the Senior Loan Documents, including (i) all provisions of the note and deed of trust in favor of Senior Lienholder above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Senior Lienholder for the disbursement of the proceeds of Senior Lienholder’s loan or funds in the Borrower’s Funds Account (as defined in the Senior Loan Agreement);

   (b) Senior Lienholder in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Senior Lienholder represented that it will, see to the application of such proceeds by the person or persons to whom Senior Lienholder disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
(c) the Department intentionally and unconditionally waives, relinquishes and subordinates the Restrictive Covenant in favor of the lien or charge upon said Property of the Senior Deed of Trust and the Senior Loan Documents and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination. If Senior Lienholder or any other person acquires title to the Property or any portion thereof by foreclosure proceedings, including exercise of a power of sale, the Restrictive Covenant and the other Infill Grant Documents shall not in any way be binding on the Real Property;

(d) The Department will not require construction of the Improvements to commence until thirty (30) days following the recordation of the Senior Deed of Trust, and construction of the Improvements need not be completed until [June 1, 2023] [CHECK], subject to extension for force majeure; and

(e) Each and every covenant, condition and obligation contained in the Infill Grant Documents required to be performed or satisfied as of the date hereof, and each and every matter required to be approved by the Department as of the date hereof, has been satisfied.

6. Bank hereby agrees, but only as a separate and independent covenant of Bank and not as a condition to the continued effectiveness of the covenants or agreement of the Owner and the Department as set forth herein, as follows:

(a) Following notice from Bank to the Owner that a default or breach exists under the terms of the Senior Loan Documents, Bank shall send a copy of such notice to the Department and the Department shall have the right, but not the obligation, to cure the default as follows:

(i) If the default is reasonably capable of being cured within thirty (30) days from the date of delivery of notice to Department, as determined by Bank in its sole discretion, the Department shall have such period to effect a cure prior to completion of a foreclosure by Bank under the Senior Loan Documents.

(ii) If the default is such that it is not reasonably capable of being cured within thirty (30) days from the date of delivery of notice to the Department as determined by Bank in its sole discretion, and if the Department (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 the Department shall have such additional time, not to exceed sixty (60) days, as is determined by Bank, in its sole discretion, to be reasonably necessary to cure the default prior to completion of a foreclosure by Bank under the Senior Loan Documents.

(iii) In no event shall Bank be precluded from completion of a foreclosure 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 ninety (90) days after
the first notice of default is given, or such longer period of time as may be specified in the Senior Loan Documents.

(iv) Nothing in this subparagraph (a) is intended to modify any covenant, term or condition contained in the Senior Loan Documents, including, without limitation, the covenant against creating or recording any liens or encumbrances against the Property without the prior written approval of Bank.

(b) The provisions of this paragraph 6 are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior encumbrancers including, without limitation, those set forth in California Civil Code Sections 2924b and 2924c (if applicable).

(c) Bank shall give the Department notice at the address set forth below or such other address as the Department may instruct Bank in writing from time to time:

Department of Housing and Community Development
Infill Infrastructure Grant Program
2020 W. El Camino Avenue, Suite 500
Sacramento, California 95833
Attn: Loan Closing Manager

and:

Department of Housing and Community Development
Infill Infrastructure Grant Program
P.O. Box 952054
Sacramento, California 94252-2054
Attn: Loan Closing Manager

7. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

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

9. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys’ fees as awarded by the court in such action.

10. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.
IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

**BANK:**

MUFG UNION BANK, N.A.

By: __________________________

Joshua Evju, Director

**OWNER:**

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: __________________________

Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: __________________________

Tina Smith-Booth, President

**DEPARTMENT:**

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,
a public agency of the State of California

By: __________________________

Name: __________________________

Title: __________________________
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 ________________________________ (Seal)

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 ________________________________ (Seal)
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 ____________________________ (Seal)

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 ____________________________ (Seal)
EXHIBIT “A”

LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Leasehold estate as created by that certain Ground Lease Agreement (“Ground Lease”) dated May 1, 2021, made by and between Housing Authority of the City of Los Angeles, a public body, corporate and politic, as lessor, and Rose Hill Courts I Housing Partners, L.P., a California limited partnership, as lessee, upon the terms and conditions contained in said Ground Lease and a memorandum thereof recorded concurrently herewith in the Official Records of Los Angeles County, in and to the following:

PHASE 1:

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59′22″ WEST, 451.00 FEET; THENCE SOUTH 00°00′38″ WEST, 174.46 FEET; THENCE SOUTH 89°59′22″ EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00′15″ EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN: 5305-011-900
CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(Multifamily Housing Back to Back Loan Program)
(Rose Hill Courts I Housing Partners, L.P.)

THIS AGREEMENT is made as of the Contract Date by and among Borrower, Governmental Lender and Bank in connection with the following:

A. Borrower has requested that Governmental Lender provide a construction and permanent loan to Borrower to finance the construction of the Improvements on the Real Property.

B. Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Property.

C. Borrower intends to construct an affordable housing apartment project on the Real Property.

D. Governmental Lender, Bank and Fiscal Agent have entered into the Funding Loan Agreement whereby Bank has agreed to make the Funding Loan to Governmental Lender for the sole purpose of making funds available to the Governmental Lender to make the Borrower Loan to Borrower pursuant to this Agreement in the manner and on the terms set forth in the Funding Loan Agreement, which terms include, without limitation, the obligation of the Governmental Lender to make loan payments to the Bank from amounts received by Governmental Lender from Borrower pursuant to this Agreement and the Borrower Notes in repayment of the amounts loaned to Governmental Lender under the Funding Loan Agreement as evidenced by the Funding Loan Notes. Governmental Lender has irrevocably pledged and assigned to Bank, as security for Governmental Lender’s obligations to repay amounts due under the Funding Loan Notes and its obligations under the Funding Loan Agreement, all right, title and interest to the Borrower Loan Documents (other than the Reserved Rights, as defined in the Funding Loan Agreement), including all rights to payments with respect to the Borrower Notes. Upon the execution of the Funding Loan Notes, all right, title and interest of Governmental Lender under and in the Borrower Loan (other than the Reserved Rights, as defined in the Funding Loan Agreement) will be assigned by Governmental Lender to Bank pursuant to the Funding Loan Agreement and the Assignment of Deed of Trust.

E. All of the rights, powers, elections, determinations, remedies, duties and functions of Governmental Lender hereunder (other than the Reserved Rights, as defined in the Funding Loan Agreement) may be exercised and performed on behalf of Governmental Lender by Bank unless and until the assignment to Bank is terminated, modified, assigned, in whole or in part, or otherwise amended in accordance with the provisions of the Funding Loan Agreement.

F. Subject to the execution of the Funding Loan Agreement and the terms and conditions of this Agreement, Governmental Lender is willing to make the Borrower Loan to Borrower.

THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Acceptable Unit Lease. A lease agreement on a lease form approved by Bank which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the HAP Contract, the RAD Contract and the Ground Lease.

1.2 Act. As defined in the Funding Loan Agreement.
1.3 **Advance.** Each disbursement of proceeds of the Borrower Loan made pursuant to this Agreement.

1.4 **Aggregate Change Order Limit.** [$500,000] [NOTE: TO BE UPDATED TO CONFORM TO HACLA LOAN AGREEMENT AND LPA].

1.5 **Agreement or Borrower Loan Agreement.** This Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program).

1.6 **Agreement to Furnish Insurance.** The Agreement to Furnish Insurance dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.7 **AHAP Contract.** The Agreement to Enter Into Housing Assistance Payments Contract entered into between Borrower and the Housing Authority, which AHAP Contract shall provide for rental subsidies for seventy-seven (77) units at the Project for a period of twenty (20) years (together with a twenty (20) year renewal option subject to Housing Authority approval), and otherwise in form and substance approved by Bank, in its reasonable discretion.

1.8 **AHSC Permanent Loan Deed of Trust.** The deed of trust to be executed by Borrower for the benefit of HCD, encumbering the Project and securing repayment of amounts owing under the AHSC Permanent Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.9 **AHSC Permanent Loan.** The $12,000,000 loan to be made by HCD to Borrower in accordance with the terms of the AHSC Permanent Loan Standard Agreement.

1.10 **AHSC Permanent Loan Documents.** The AHSC Permanent Loan Standard Agreement, AHSC Permanent Loan Note, the AHSC Permanent Loan Deed of Trust, the AHSC Permanent Loan Restrictions, the AHSC Permanent Loan Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the AHSC Permanent Loan.

1.11 **AHSC Permanent Loan Note.** The $12,000,000 promissory note to be executed by Borrower in favor of HCD evidencing the AHSC Permanent Loan.

1.12 **AHSC Permanent Loan Junior Restrictions.** That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be subordinate to the Deed of Trust.

1.13 **AHSC Permanent Loan Restrictions.** Collectively, the HCD Loan Junior Restrictions and the HCD Loan Senior Restrictions.

1.14 **AHSC Permanent Loan Senior Restrictions.** That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be senior to the Deed of Trust.

1.15 **AHSC Permanent Loan Standard Agreement.** That certain Standard Agreement entered into by HCD, the City, Borrower and The Related Companies of California LLC, pursuant to the terms of which HCD shall make available the AHSC Permanent Loan to Borrower.

1.16 **AHSC Permanent Loan Subordination Agreement.** A subordination agreement in the form and substance satisfactory to Bank, to be executed by HCD and Bank and acknowledged by Borrower pursuant to which HCD shall unconditionally subordinate the lien and effect of the AHSC Permanent Loan Deed of Trust and AHSC Permanent Loan Junior Restrictions to the lien and effect of the Deed of Trust.
1.17 Allocation Committee. The California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

1.18 Appraisal. An appraisal or reappraisal of the Property (complying with Bank’s appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Bank.

1.19 Appraised Value. The market value of the Property as determined by Bank in its business judgment, reasonably exercised, based upon an Appraisal.

1.20 Architect. Withee Malcolm Architects, LLP, or such other architect as may be approved by Bank.

1.21 Architect's Agreement. The agreement between Borrower and Architect relating to the design and construction of the Improvements.

1.22 Assignment of AHAP Contract. The Assignment of Agreement to Enter Into Housing Assistance Payments Contract dated as of the Contract Date, executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the AHAP Contract.

1.23 Assignment of Construction Contract. The Assignment of Construction Contract dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.24 Assignment of HAP Contract. The Assignment of Housing Assistance Payments Contract dated as of the Conversion Date, to be executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the HAP Contract.

1.25 Assignment of Hedge. As defined in Section 7.45.5.

1.26 Assignment of Partnership Interest (GP). An Assignment of Partnership Interest dated as of the Contract Date executed by each General Partner in favor of Governmental Lender and Bank as additional collateral security for the performance of the Borrower’s obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of each such General Partner’s rights as a general partner in Borrower.

1.27 Assignment of Plans and Specifications. The Assignment of Architect’s Agreement, Plans and Specifications dated as of the Contract Date executed by Borrower, in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.28 Assignment of RAD Contract. The Assignment of Rental Assistance Demonstration Contract dated as of the Contract Date, executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the RAD Contract.

1.29 Assignment of Tax Credits and Partnership Interests. An Assignment of Rights to Tax Credits and Partnership Interests dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of Borrower’s rights under the Tax Credit Allocation Documents including, without limitation,
the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

1.30 Bank. MUFG Union Bank, N.A., (i) acting in its capacity as owner of the Funding Loan Notes and as assignee of the Governmental Lender pursuant to the Funding Loan Agreement, and (ii) its successors and assigns.

1.31 Bonded Work. Offsite, common area, or other improvements required by a Governmental Authority (if any) or for which bonds may be required in connection with the development of the Real Property.

1.32 Borrower. Rose Hill Courts I Housing Partners, L.P., a California limited partnership.

1.33 Borrower's Equity. As of any date of determination, Borrower's funds expended on Project costs in accordance with this Agreement as of such date, including Borrower's Funds and capital contributions made by the Tax Credit Investor, but excluding proceeds of the Borrower Loan, as determined by Bank in its reasonable discretion.

1.34 Borrower's Funds. All funds of Borrower deposited into Borrower's Funds Account pursuant to the terms of this Agreement, to be disbursed in payment of Construction Costs as more particularly set forth in this Agreement.

1.35 Borrower's Funds Account. An account with Bank into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

1.36 Borrower Loan. The loan in the maximum principal amount of [$38,298,113] [CHECK] made by the Governmental Lender to Borrower pursuant to this Agreement.

1.37 Borrower Loan Documents. This Agreement, the Borrower Notes, the Tax-Exempt Regulatory Agreement, the Deed of Trust, the Guaranty, the ECA, the Security Documents, the Financing Statements, the Agreement to Furnish Insurance, any Hedge Documents, the Indemnity Agreement and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) now or hereafter executed and delivered to Governmental Lender or Bank in connection with the Borrower Loan.

1.38 Borrower Notes. Collectively, Borrower Note A-1, Borrower Note A-2 and Borrower Note A-3, which evidence the Borrower Loan.

1.39 Borrower Note A-1. The Promissory Note A-1 (Tax-Exempt – Construction) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$15,158,632] [CHECK].

1.40 Borrower Note A-2. The Promissory Note A-2 (Taxable – Construction) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$6,454,481] [CHECK].

1.41 Borrower Note A-3. The Promissory Note A-3 (Tax-Exempt – Permanent) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$16,685,000] [CHECK].

1.42 Business Day. A day which is not a Saturday or Sunday on which banks in the State of California are open for business for the funding of corporate loans.
1.43 Capital Improvement Reserve Account. An interest bearing account established with Bank by Borrower at the time of Conversion for the purpose of funding any capital improvements which are necessary for the continued operation of the Property as determined by Bank in its reasonable discretion.

1.44 Capital Improvements. As defined in Section 7.36.1.

1.45 Certification of Plans and Specifications. The Certification of Plans and Specifications dated as of the Contract Date from Borrower, Contractor and Architect to Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.46 Change Order. Any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

1.47 Closing Date. Either (i) the date on which the Deed of Trust is recorded and the Initial Advance is made or (ii) the date the Title Insurer has irrevocably committed to issue the Title Policy and the Bank and Governmental Lender have authorized closing of the Borrower Loan and the Funding Loan.

1.48 Code. The Internal Revenue Code of 1986, as amended; including (a) any successor internal revenue law and (b) the applicable regulations promulgated thereunder whether final, temporary or proposed under the Code or such successor law.

1.49 Completion Date. The date of Project Completion, which date shall not be later than June 1, 2023.

1.50 Conditions to Conversion. The conditions precedent to Conversion as listed on Exhibit D attached hereto.

1.51 Construction Contract. The agreement between Borrower and Contractor relating to the construction of the Improvements.

1.52 Construction Costs. All costs approved by Bank relating to the construction of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

1.53 Construction Phase. The period from the Closing Date through and including the date immediately preceding the Conversion Date.

1.54 Contract Date. May 1, 2021.

1.55 Contractor. R.D. Olson Construction, Inc., or such other contractor as may be approved by Bank, or Borrower acting in the capacity of general contractor.

1.56 Conversion. The conversion of the Borrower Loan from the Construction Phase to the Permanent Phase.

1.57 Conversion Date. The date on which all Conditions to Conversion have been satisfied, as such date is established by Bank in the Conversion Notice. The Conversion Date shall be the first day of the calendar month following the month in which Bank issues the Conversion Notice, but in no event later than the Outside Conversion Date.

1.58 Conversion Election Notice. Written notice delivered by Borrower to Bank that Borrower has elected to convert the Borrower Loan from the Construction Phase to the Permanent Phase.

1.59 Conversion Notice. Written notice delivered by Bank to Borrower that the Conditions to Conversion have been fully satisfied.
1.60 Debt Coverage Ratio. The ratio of (i) the annual stabilized Net Operating Income for the Property during a particular period of time, to (ii) the assumed combined interest and principal payment for the Permanent Phase that would be required based upon the projected outstanding principal balance of Borrower Note A-3, as of the Conversion Date, a fixed interest rate on Borrower Note A-3 equal to the fixed rate of the Hedge (inclusive of the Margin during the Permanent Phase) and monthly amortization payments on Borrower Note A-3 based upon a 420-month amortization period, plus any required principal and interest payments under any additional financing permitted pursuant to the Borrower Loan Documents (other than loans under which debt service is payable only from "residual receipts" that remain after payment of all operating expenses and all scheduled payment or principal and interest on the Borrower Loan and any other financing).

1.61 Deed of Trust. The Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Trust Deed) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as trustor, for the benefit of Governmental Lender and Bank, as beneficiary, as the same may from time to time be amended, modified or supplemented.

1.62 Deed of Trust Assignment. The Assignment of Deed of Trust and Related Documents dated as of the Contract Date by Governmental Lender in favor of Bank.

1.63 Default Premium. That amount calculated as the excess of the Default Rate over the Maximum Rate times the outstanding principal amount of the Borrower Loan. The Default Premium shall not constitute interest on the Borrower Loan.

1.64 Default Rate. A rate equal to 5% more than the applicable interest rate set forth in the Borrower Notes, which Default Rate shall (i) not to exceed the Maximum Rate and (ii) be subject to the terms of Paragraph 3 of the Borrower Notes.

1.65 Density Bonus Covenant. The Rental Covenant Agreement Running with the Land Re: Land Use Incentives entered into by the Housing Authority and recorded on [__________________, 2021] as Instrument No. [______________________] in the Official Records of the County of Los Angeles, State of California.

1.66 Detailed Cost Breakdown. An itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for construction of the Improvements in accordance with the Plans, which has been submitted to and approved by Bank.

1.67 Disbursement Schedule. The schedule or schedules for disbursement of the Advances and of Borrower's Funds, if any, set forth on Exhibit B, which may be amended from time to time by reallocations made in accordance with Section 5.5.

1.68 Draw Request. The certified invoice to be delivered by Borrower to Bank as a condition to Governmental Lender making an Advance, in such form and certified by Architect, together with such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be reasonably required by Bank.

1.69 ECA. The Environmental Compliance Agreement, dated as of the Contract Date by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.70 Event of Default. As defined in Section 8.

1.71 Extended Use Agreement. An "extended low-income housing commitment" as defined in Section 42(h)(6)(B) of the Code.
1.72 Financial Statements. Balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Bank may require, in form and content reasonably acceptable to Bank.

1.73 Financing Statements. All UCC financing statements required in connection with the Borrower Loan.

1.74 First Extended Outside Conversion Date. As defined in Section 2.5.

1.75 First Extension Term. As defined in Section 2.5.

1.76 First Payment Date. June 1, 2021.

1.77 Fiscal Agent. The Fiscal Agent from time to time under the Funding Loan Agreement. Initially the Fiscal Agent shall be U.S. Bank National Association.

1.78 Force Majeure. Strikes, lockouts, acts of God, severe shortages of labor or materials, acts of the public enemy, riot, war, fire or other delays beyond the reasonable control of Borrower.

1.79 Funding Date. The date on which the Initial Disbursement is made.

1.80 Funding Loan. The loan in the maximum amount of $38,298,113 [CHECK] made by Bank to Governmental Lender pursuant to the Funding Loan Agreement.

1.81 Funding Loan Agreement. The Funding Loan Agreement dated as of the Contract Date among the Governmental Lender, the Bank and Fiscal Agent in connection with the issuance of the Funding Loan Notes.

1.82 Funding Loan Documents. As defined in the Funding Loan Agreement.

1.83 Funding Loan Notes. As defined in the Funding Loan Agreement.

1.84 General Partner(s). Collectively, Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, and LOMOD RHC I, LLC, a California limited liability company (“Managing General Partner”).

1.85 Governmental Authority. Any federal, state or local governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, court, administrative tribunal or public or private utility having authority over the Property or its utilization.

1.86 Governmental Lender. Housing Authority of the City of Los Angeles, a public body, corporate and politic.

1.87 Governmental Requirement. Any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

1.88 Gross Operating Income. The sum of any and all payments, fees, rentals, additional rentals (but specifically excluding any amounts received from tenant-based vouchers or other rent subsidies in excess of then maximum rents permitted under the Regulatory Agreements, the HAP Contract, the RAD Contract and the Ground Lease), expense reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower’s ownership, use, development or operation of the Property for the applicable determination period, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received
in such month whether or not such amounts are attributable to a charge arising in such month. Gross Operating Income shall not include security deposits, forfeitures or other non-recurring income and shall be adjusted to include the greater of actual vacancy or an assumed vacancy rate of five percent (5%).

1.89 **Ground Lease.** That certain Ground Lease Agreement dated on or about the Contract Date entered into by and between the Housing Authority and Borrower with respect to the Property.

1.90 **Ground Lease Estoppel Certificate.** A Landlord Estoppel Certificate duly executed by the Housing Authority, providing such certifications as Bank may require with respect to the Ground Lease and the Leasehold Estate.

1.91 **Guarantor.** Any Person who executes a Guaranty in connection with the Borrower Loan.

1.92 **Guaranty.** Bank’s standard form Loan and Completion Guaranty and Indemnity Agreement entered into in connection with the Borrower Loan.

1.93 **HAP Contract.** The Housing Assistance Payments Contract to be entered into between Borrower and the Housing Authority on or before the Permanent Loan Conversion Date, in the form attached to the AHAP Contract and consistent with the terms of the final proposal attached to the AHAP Contract, for seventy-seven (77) units at the Project for a period of twenty (20) years (together with a twenty (20) year renewal option subject to Housing Authority approval), and such other terms as are acceptable to the Bank.

1.94 **Hedge.** As defined in Section 7.45.1.

1.95 **Hedge Documents.** As defined in Section 7.45.1.

1.96 **Housing Authority.** Housing Authority of the City of Los Angeles, a public body, corporate and politic.

1.97 **Housing Authority Acquisition Deed of Trust.** The Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Housing Authority Acquisition Note, recorded in the Official Records substantially concurrently with the Deed of Trust, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.98 **Housing Authority Acquisition Loan.** The $7,100,000 loan to be made by the Housing Authority to Borrower pursuant to the terms of the Housing Authority DDA.

1.99 **Housing Authority Acquisition Loan Documents.** The Housing Authority Acquisition Note, the Housing Authority Acquisition Deed of Trust and all other documents and instruments evidencing, securing or pertaining to the Housing Authority Acquisition Loan.

1.100 **Housing Authority Acquisition Note.** The Promissory Note Secured by Deed of Trust made by Borrower to the order of the Housing Authority, in the face principal amount of $7,100,000, evidencing all amounts disbursed and to be disbursed under the Housing Authority Acquisition Loan.

1.101 **Housing Authority DDA.** The Disposition and Development Agreement by and between Borrower and the Housing Authority with respect to the Housing Authority Loan.

1.102 **Housing Authority Gap Deed of Trust.** The Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Housing Authority Gap Note, recorded in the Official Records substantially concurrently with the Deed of Trust, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.103 **Housing Authority Gap Loan.** The $8,350,000 loan to be made by the Housing Authority to Borrower pursuant to the terms of the Housing Authority DDA.

1.104 **Housing Authority Gap Loan Documents.** The Housing Authority Gap Note, the Housing Authority Gap Deed of Trust and all other documents and instruments evidencing, securing or pertaining to the Housing Authority Gap Loan.

1.105 **Housing Authority Gap Note.** The Promissory Note Secured by Deed of Trust made by Borrower to the order of the Housing Authority, in the face principal...
amount of $8,350,000, evidencing all amounts disbursed and to be disbursed under the Housing Authority Gap Loan. **Housing Authority Loan.** Collectively, the Housing Authority Acquisition Loan and the Housing Authority Gap Loan. **Housing Authority Loan Agreement.** The Loan Agreement by and between the Housing Authority and Borrower pursuant to the terms of which the Housing Authority agreed to make the Infill Loan, the Housing Authority Acquisition Loan and the Housing Authority Gap Loan to Borrower. **Housing Authority Loan Documents.** Collectively, the Housing Authority Loan Agreement, the Housing Authority Acquisition Loan Documents and the Housing Authority Gap Loan Documents. **Housing Authority Subordination Agreement.** A Subordination Agreement in form and substance satisfactory to Bank, executed by the Housing Authority, Borrower and Bank, pursuant to which the Housing Authority shall unconditionally subordinate the lien and effect of the Housing Authority Loan Documents and the Infill Loan Documents to the lien and effect of the Deed of Trust, as more particularly described therein.

1.110 **HUD.** The United States of America, Secretary of Housing and Urban Development.

1.111 **Improvements.** An eighty-nine (89) unit affordable apartment project, including one (1) property manager's unit, and related appurtenances.

1.112 **Indemnified Parties.** Collectively Governmental Lender, Fiscal Agent and Bank and each of their respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future, and any person who controls Governmental Lender or Fiscal Agent within the meaning of The Securities Act of 1933, as amended.

1.113 **Indemnity Agreement.** Any Indemnity Agreement entered into in connection with the Borrower Loan.

1.114 **Infill Deed of Trust.** The deed of trust executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Infill Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.115 **Infill Disbursement Agreement.** The Disbursement Agreement by and between HCD and the Housing Authority, pursuant to the terms of which HCD agreed to make the Infill Grant.

1.116 **Infill Documents.** The Infill Restrictions, the Infill Standard Agreement, the Infill Disbursement Agreement, the Infill Loan Documents and all other documents and instruments evidencing, securing or pertaining to the Infill Loan.

1.117 **Infill Grant.** The $3,519,300 grant made by HCD to the Housing Authority pursuant to the Infill Disbursement Agreement and the Infill Standard Agreement, which grant is to be loaned by the Housing Authority to Borrower as the Infill Loan.

1.118 **Infill Loan.** The $3,519,300 loan made by the Housing Authority to Borrower from the Infill Grant to cover, among other things, the construction of certain infrastructure improvements more particularly described in the Infill Disbursement Agreement.

1.119 **Infill Loan Documents.** The Housing Authority Loan Agreement, the Infill Note, the Infill Deed of Trust and all other documents and instruments evidencing, securing or pertaining to the Infill Loan.

1.120 **Infill Note.** The promissory note, made by Borrower to the order of the Housing Authority, evidencing all amounts disbursed and to be disbursed under the Infill Loan.

1.121 **Infill Restrictions.** That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing executed by Borrower for the benefit of HCD in connection with the Infill Grant.
1.122 Infill Standard Agreement. The Standard Agreement by and among HCD and the Housing Authority, pursuant to the terms of which HCD agreed to make the Infill Grant.

1.123 Infill Subordination Agreement. A Subordination Agreement in form and substance satisfactory to Bank, executed by HCD and Borrower, pursuant to which HCD shall unconditionally subordinate the lien and effect of the Infill Restrictions to the lien and effect of the Deed of Trust.

1.124 Initial Disbursement. The initial Advance made by Governmental Lender to Borrower pursuant to this Agreement.

1.125 Interest Reserve. The portion of the Project Budget allocated for the payment of interest due under this Agreement.

1.126 Leasehold Estate. The leasehold estate created under the Ground Lease.

1.127 Leases. All leases of any portion of the Property and all amendments, guaranties and subleases relating thereto.

1.128 Liquid Assets. Immediately available cash, bank deposits, accounts and mutual funds; obligations of or guaranteed by the U.S. government or an agency thereof; and stocks, bonds and other debt instruments regularly traded on the New York, American or NASDAQ stock exchange which can be readily converted into cash.

1.129 Loan Fee. [$229,788.68] [CHECK].

1.130 Loan Party. Any general partner, managing member, joint venturer, trustee or trustor of Borrower, as applicable and any Guarantor.

1.131 Loan-to-Value Ratio. The ratio of (i) then outstanding indebtedness in connection with the Borrower Loan to (ii) the Appraised Value of the Property.

1.132 Margin. As defined in the Borrower Notes.

1.133 Maturity Date. The applicable maturity date of the Borrower Notes. The Maturity Date of Borrower Note A-1 and Borrower Note A-2 shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.134 Maximum Rate. As defined in the Funding Loan Agreement.


1.136 Offsite Materials. Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored at a location other than the Real Property.

1.137 Onsite Materials. Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored on the Real Property.

1.138 Operating Expenses. The following expenses incurred by Borrower in connection with the operation and maintenance of the Property to the extent that such expenses are reasonable in amount and customary for multifamily affordable housing properties of a type similar to the Property, as determined by Bank in its reasonable discretion, including, without limitation, the following: (A) real property taxes and assessments imposed upon the Property unless a property tax “welfare” exemption pursuant to Section 214(g) or 236 of the R&T Code has been obtained, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) deposits made into the Capital Improvement Reserve Account and any
reserves, leasing commissions and tenant improvements, as determined by Bank in its business judgment, reasonably exercised, and (D) operating expenses actually incurred by Borrower in connection with the management (provided that management fees shall be adjusted to the greater of actual management fees or three percent (3.0%) of gross rents), operation, cleaning, leasing, maintenance and repair of the Property or any part thereof for the ninety (90) days preceding the date of determination. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Borrower Loan or any allowance for depreciation and similar noncash charges.

1.139 Operating Statement. A monthly, quarterly or annual statement that shows in detail the amounts and sources of Gross Operating Income, the amounts and nature of Operating Expenses, and Net Operating Income, in each case for the preceding calendar month, quarter or year. The Operating Statement shall be prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied and in a form satisfactory to Bank.

1.140 Outside Conversion Date. December 1, 2023 (the “Initial Outside Conversion Date”), which date shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.141 Partnership Agreement. That certain Amended and Restated Agreement of Limited Partnership of Borrower dated on or about the date hereof.

1.142 Paydown Amount. The amount by which (a) the current outstanding principal amount of the Borrower Notes, plus all accrued but unpaid interest thereon, exceeds (b) the lesser of (i) the current outstanding principal amount of Borrower Note A-3, (ii) the maximum outstanding principal balance of Borrower Note A-3 in order for the Property to satisfy the Debt Coverage Ratio pursuant to subsection (o) of Exhibit D (Conditions to Conversion) as of the Conversion Date, and (iii) the notional amount of the Hedge for Borrower Note A-3 as of the Conversion Date, which Paydown Amount shall be applied first towards all accrued and unpaid interest under the Borrower Loan, then towards the repayment of the principal balance of Borrower Note A-2, then to the repayment of the principal balance of Borrower Note A-1, and then towards the repayment of the principal balance of Borrower Note A-3, and then to all other amounts due and owing under the Borrower Loan Documents and the Funding Loan Documents.

1.143 Permanent Phase. The period from the Conversion Date and ending on the Maturity Date.

1.144 Permitted Liens. Any easements, restrictions and other matters of record listed in a schedule of exceptions to coverage in the Title Policy as required by the Borrower Loan Documents.

1.145 Person. Any natural person or entity, including any corporation, partnership, joint venture, limited liability company, trust, trustee, unincorporated organization or Governmental Authority.

1.146 Personal Property. Any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Borrower Loan.

1.147 Plans. The final plans and specifications for construction of the Improvements (including any applicable general conditions), prepared by Architect and approved by Bank as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

1.148 Preliminary Reservation. That certain Reservation Letter (Tax Exempt) dated December 21, 2020, issued by the Allocation Committee.

1.149 Project Budget. The cost itemization (set forth in Exhibit B-1 hereto) of the total amount needed by Borrower to construct the Improvements and to perform Borrower’s other obligations under the Borrower Loan Documents, which itemization may be amended from time to time in accordance with this Agreement.
1.150 Project Completion. The date of completion of construction of the Project and issuance of all licenses and permits necessary for the occupancy and use of the Units such that the Project shall be considered “placed in service” for purposes of the provisions of Section 42 of the Code, which date of completion shall not be later than the Completion Date.

1.151 Project Fund. As defined in the Funding Loan Agreement.

1.152 Property or Project. The Leasehold Estate and the fee interest in the Improvements and the Personal Property.

1.153 Qualified Allocation Plan. The Qualified Allocation Plan adopted by the Allocation Committee from time to time in accordance with the provisions of Section 42(m) of the Code.

1.154 R&T Code. The California Revenue and Taxation Code, as amended from time to time thereto. Any reference to a particular provision of the R&T Code shall include any amendment of such provision.

1.155 RAD Contract. That certain Rental Assistance Demonstration (RAD) for Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract entered into between Borrower and the Housing Authority, which RAD Contract shall provide for rental subsidies for eleven (11) units at the Project, for a period of twenty (20) years (together with a twenty (20) year renewal option), and otherwise in form and substance approved by Bank, in its reasonable discretion.

1.156 RAD Use Agreement. That certain Rental Assistance Demonstration Use Agreement dated on or about the Closing Date, by and among HUD, the Housing Authority and Borrower, to be recorded against the Property concurrently with the Deed of Trust.

1.157 Real Property. That certain real property described in Exhibit A hereto.

1.158 Recorded Documents. The Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, the Housing Authority Subordination Agreement, the Housing Authority Acquisition Deed of Trust, the Housing Authority Gap Deed of Trust, the Infill Deed of Trust and the Infill Subordination Agreement.

1.159 Regulatory Agreements. All regulatory agreements and restrictions (including, without limitation, the Tax-Exempt Regulatory Agreement, the Extended Use Agreement, the Infill Restrictions, the AHSC Permanent Loan Restrictions, the Density Bonus Covenant and the RAD Use Agreement) now or hereafter encumbering the Property and setting forth restrictions with respect to the leasing, maintenance and use of the Units.

1.160 Rent Restrictions. The occupancy and rent restrictions contained in the Regulatory Agreements, the HAP Contract, the RAD Contract and the Ground Lease.

1.161 Second Extended Outside Conversion Date. As defined in Section 2.6.

1.162 Second Extension Term. As defined in Section 2.6.

1.163 Security Documents. Any agreements granting a security interest in collateral securing the Borrower Loan and/or any Hedge provided by Bank other than the Deed of Trust, including without limitation, Bank’s standard form of assignments and consents to assignments of the Architect’s Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Partnership Interest (GP), the Assignment of Hedge (if any), the Assignment of AHAP Contract, the Assignment of HAP Contract and the Assignment of RAD Contract.
1.164 **Set Aside Letter.** Any letter or letters to any Governmental Authority or Surety whereby Bank agrees to allocate proceeds of the Borrower Loan for construction of Bonded Work.

1.165 **Single Change Order Limit.** [$250,000] [NOTE: TO BE UPDATED TO CONFORM TO HACLA LOAN AGREEMENT AND LPA].

1.166 **Surety.** The bonding company that issues the bonds covering the Bonded Work.

1.167 **Tax Certificate.** As defined in the Funding Loan Agreement.

1.168 **Tax Counsel.** As defined in the Funding Loan Agreement.

1.169 **Tax Credit Allocation Documents.** The Tax Credit Application, the Preliminary Reservation, IRS Form 8609 to be hereafter executed by the Allocation Committee and all other documents heretofore and hereafter submitted to, and received by the Borrower from, the Allocation Committee, and all amendments, extensions and modifications thereto.

1.170 **Tax Credit Application.** The 2021 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

1.171 **Tax Credit Investor.** Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, and its permitted successors and assigns.

1.172 **Tax Credits.** Low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Allocation Documents.

1.173 **Tax-Exempt Notes.** The “Tax-Exempt Funding Loan Notes”, as defined in the Funding Loan Agreement.

1.174 **Tax-Exempt Regulatory Agreement.** The “Regulatory Agreement”, as defined in the Funding Loan Agreement.

1.175 **Title Insurer.** Fidelity National Title Company.

1.176 **Title Policy.** An ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Bank, naming Governmental Lender and Bank as insured, with a liability limit of not less than the amount of the Borrower Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Leasehold Estate and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Bank, with such reinsurance or coinsurance agreements or endorsements to such policy as Bank may require.

1.177 **Transfer.** Any sale, lease or other transfer of any interest to any other Person.

1.178 **Unit(s).** The eighty-nine (89) apartment units (including one (1) manager’s unit) constituting the Improvements.

2. **BORROWER LOAN.**

2.1 **Purpose.** The purpose of the Borrower Loan is to finance the acquisition of the Leasehold Estate and construction of the Improvements and other costs related thereto and to provide permanent financing for the Project.

2.2 **Loan Terms and Conditions.** Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C and Section 3.3 of the Funding Loan Agreement, Governmental Lender agrees to make the Borrower Loan to Borrower. The repayment of all
amounts due in connection with the Borrower Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Bank. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

2.3 Loan Fee. Borrower shall pay the Loan Fee to Bank in immediately available funds on or before the Closing Date. The Loan Fee shall be nonrefundable.

2.4 Full Payment and Reconveyance. Upon Governmental Lender’s and Bank’s receipt, as applicable, of all sums owing and outstanding under the Borrower Loan Documents and under any other note or notes or any other obligation secured by the Deed of Trust, Bank shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bank shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Borrower Loan Documents and the Funding Loan Documents; and (b) Bank shall have received a written release satisfactory to Bank of any Set Aside Letter, letter of credit or other form of undertaking that Bank has issued to any Surety, Governmental Authority or any other party in connection with the Borrower Loan and/or the Property. As of the earlier of the last day of disbursement of the Funding Loan under Section 3.4(d) of the Funding Loan Agreement, or date of repayment in full of the Borrower Loan, Governmental Lender’s obligation to make further disbursements under the Borrower Loan shall terminate as to any portion of the Borrower Loan undisbursed, and any commitment of Governmental Lender to lend any undisbursed portion of the Borrower Loan shall be cancelled.

2.5 First Extension Term. Borrower shall have the option to: (i) extend the Initial Outside Conversion Date for an additional three (3) months (“First Extension Term”), to and including March 1, 2024 (“First Extended Outside Conversion Date”), and (ii) extend the Maturity Date of Borrower Note A-1 and Borrower Note A-2 for the same additional corresponding three (3) month period to and including March 1, 2024, upon satisfaction of all of the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower’s written request to exercise the First Extension Term not less than sixty (60) days prior to the Initial Outside Conversion Date.

(b) At the time of Bank’s receipt of Borrower’s written request to extend the term of the Loan, and as of the Initial Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank’s sole discretion.

(d) Borrower and any Loan Party shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to $10,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under
the terms of the Borrower Notes during the First Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower’s Funds Account such amount as is necessary, as determined by Bank in its sole discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the First Extension Term.

(i) Intentionally Omitted.

(j) From and after the Initial Outside Conversion Date, the interest payable under the Borrower Notes during the First Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with exercise of the First Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.6 Second Extension Term. If Borrower shall have exercised Borrower’s option to extend the Initial Outside Conversion Date and the Initial Outside Conversion Date shall have been extended in accordance with this Agreement, Borrower shall have the option to: (i) further extend the Outside Conversion Date for an additional three (3) months (“Second Extension Term”) to and including June 1, 2024 (“Second Extended Outside Conversion Date”), and (ii) further extend the Maturity Date of Borrower Note A-1 and Borrower Note A-2 for the same additional corresponding three (3) month period to and including June 1, 2024, upon satisfaction of all the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower’s written request to exercise the Second Extension Term not less than sixty (60) days prior to the First Extended Outside Conversion Date.

(b) At the time of Bank’s receipt of Borrower’s written request to extend the term of the Borrower Loan, and as of the First Extended Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank’s sole discretion.

(d) Borrower shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to $15,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Notes during the Second Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower’s Funds Account such amount as is necessary, as determined by Bank in its sole discretion.
discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the Second Extension Term.

(i) Intentionally Omitted.

(j) From and after the First Extended Outside Conversion Date, the interest payable under the Borrower Notes during the Second Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with the exercise of the Second Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.7 Assignment of Borrower Loan Documents to Bank. Borrower acknowledges that the Governmental Lender has made an assignment to the Bank of all right, title and interest of the Governmental Lender in this Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), the Borrower Notes, the Deed of Trust and the other Borrower Loan Documents and has authorized the Bank to collect payments from the Borrower with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Borrower hereby consents to all such assignments and the appointment of Bank as agent for the Governmental Lender.

3. PAYMENTS; CONVERSION.

3.1 Payments. To induce Governmental Lender to make the Borrower Loan, Borrower shall pay to Bank (as agent of the Governmental Lender) all amounts, including principal, interest and premium (if any) that become due and payable on the Borrower Notes, as and when such amounts become due and payable under the Borrower Notes. Without limitation on the foregoing, Borrower shall also pay to Bank when due all other amounts described in this Agreement, as and when due and payable under this Agreement. Following the Conversion Date, each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent shall designate by written notice to the Borrower.

3.2 Conversion; Termination.

3.2.1 Not later than 30 days prior to the earlier to occur of the proposed Conversion Date or the Outside Conversion Date, Borrower shall deliver the Conversion Election Notice to Bank. The Conversion Election Notice shall be accompanied by (a) a written certification by Borrower to Bank that all of the Conditions to Conversion have been fully satisfied or with respect to Exhibit D items (b), (i), (o) and (q) will be fully satisfied concurrently with Conversion; (b) a rent roll covering the Property for each of the three full calendar months immediately preceding the date of the Conversion Election Notice, certified by Borrower as true, correct and complete; and (c) operating statements for the Property for each of such three calendar months, in the form required by Bank, and certified by Borrower to be true, correct and complete.

3.2.2 The Conditions to Conversion specified in Exhibit D shall be applicable to the Conversion. Bank shall have the right to waive any Condition to Conversion set forth in Exhibit D in Bank’s sole and absolute discretion.

3.2.3 If, based upon the information delivered pursuant to Section 3.2.1 and such other information as Bank may reasonably require as evidence of satisfaction of the Conditions to Conversion, Bank determines in its reasonable discretion that the Conditions to Conversion have been or will be fully satisfied or waived in writing by Bank, Bank shall deliver the Conversion Notice, which Conversion Notice shall state the Conversion Date, and a copy of Schedule “1” to be attached to Borrower Note A-3 setting forth the monthly installments of principal required to be paid by Borrower under Borrower Note A-3.
3.2.4 Upon Conversion (and so long as all Conditions to Conversion are satisfied or waived in writing by Bank) the following documents shall be deemed automatically terminated and shall have no further force or effect without any further action by any Loan Party: (i) the Guaranty (but specifically excluding the Indemnity Agreement); (ii) the Assignment of Tax Credits and Partnership Interests, and (iii) the Assignment of Partnership Interest (GP).

3.2.5 If the Conditions to Conversion have not been fully satisfied or waived in writing by Bank prior to the Outside Conversion Date, Borrower shall pay to Bank, on the Outside Conversion Date, the entire outstanding principal balance of the Borrower Loan, together with all accrued and unpaid interest thereon and other accrued and unpaid fees, costs and expenses owing under the Borrower Loan Documents and the Funding Loan Documents.

3.3 Maturity Date. All unpaid principal and interest on the Borrower Loan and other amounts due under the Borrower Loan Documents and the Funding Loan Documents shall be due and payable in full on the Maturity Date, as such date may be extended or accelerated.

3.4 Additional Fee Payment Obligations. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Borrower Loan Document or Funding Loan Document, shall be due and payable by Borrower to Bank the date monthly payments are due pursuant to Borrower Note A-3 commencing in the month following the month in which the Conversion Date occurs in accordance with the applicable Borrower Loan Document or Funding Loan Document. Borrower shall pay to Fiscal Agent Fiscal Agent’s Fees (as defined in the Funding Loan Agreement) and the Ongoing Governmental Lender’s Fee described in Section 17 of the Tax-Exempt Regulatory Agreement in accordance with the terms of the Funding Loan Agreement and the Tax-Exempt Regulatory Agreement.

4. CONDITIONS PRECEDENT.

4.1 Conditions to Closing of the Borrower Loan. Prior to the Closing Date, Bank shall have received all of the following documents, instruments and other items (each of which, in the case of documents or instruments, shall be fully and properly executed and, where required by Bank, acknowledged by all parties thereto), each in form and content acceptable to Bank:

4.1.1 The original Borrower Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Bank, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

4.1.3 Evidence that the insurance required by the Agreement to Furnish Insurance is in full force and effect.

4.1.4 All Borrower’s Funds required under this Agreement.

4.1.5 Copies of the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect’s Agreement, and any other agreements that Bank determines are material to construction of the Improvements, all certified as required by Bank.

4.1.6 Copies of (1) the building permits and any other authorizations required from any Governmental Authority in connection with construction of the Improvements and (2) for all required permits and authorizations not delivered on or prior to the Closing Date, permit ready letters from any Governmental Authority required in connection with construction of the Improvements which provide that the only condition to issuance of such permits is payment of the applicable fees.
4.1.7 If required by Bank, a current ALTA survey of the Real Property, including dimensions and delineation and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.

4.1.8 If required by Bank, letters from local utility companies and any Governmental Authority stating that electric, gas, sewer, water, cable and telephone facilities are or will be available to the Real Property upon completion of the Improvements.

4.1.9 Written results of such due diligence investigations with respect to Borrower, any Loan Party and the Property as Bank deems necessary, including without limitation, environmental reviews, engineering inspections, seismic studies and financial analysis.

4.1.10 An opinion of Borrower’s counsel as to (a) the proper formation, valid existence and good standing of Borrower and all Loan Parties, (b) the due authorization and execution of all Borrower Loan Documents and any Hedge Documents with Bank by Borrower and all Loan Parties, (c) whether all necessary consents have been obtained with respect to the Borrower Loan and any Hedge Documents with Bank, (d) the absence of any threatened or pending actions, suits or proceedings against or affecting the Property, Borrower or any Loan Party, (e) the absence of the violation of any agreements to which Borrower or any Loan Party is bound, and (f) such other matters as Bank may determine to be necessary or appropriate.

4.1.11 Such evidence as Bank may reasonably require to confirm the accuracy of the representations and warranties set forth in Section 6.29 of this Agreement.

4.1.12 Executed copies of the Regulatory Agreements, Housing Authority Loan Documents and Infill Documents, each in a form acceptable to Bank.

4.1.13 Borrower shall have delivered to Bank executed copies of the AHSC Permanent Loan Standard Agreement and an estoppel certificate with respect thereto ("AHSC Permanent Loan Estoppel"), each in form and content acceptable to Bank.

4.1.14 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, with respect to the Borrower Note A-3 in an amount not less than the entire principal amount of Borrower Note A-3, which provides for a fixed rate of interest on Borrower Note A-3 not to exceed (or otherwise protects against the interest rate on the Borrower Note A-3 exceeding) [____%] (including the Margin during the Permanent Phase), for the period commencing on the Initial Outside Conversion Date and ending on the Maturity Date applicable to Borrower Note A-3.

4.1.15 Borrower shall have delivered to Bank, the Ground Lease and the Ground Lease Estoppel Certificate, in form and substance acceptable to Bank, duly executed by the Housing Authority.

4.1.16 All costs, charges and expenses incurred in connection with the Borrower Loan or payable in connection with this Agreement as of the Closing Date, including, without limitation, the Loan Fee, fees and expenses of the Fiscal Agent, service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, insurance premiums, any amounts required to pay existing encumbrances then due affecting the Property and any amounts required to complete the closing of the acquisition of the Leasehold Estate, shall have been paid by Borrower.

4.1.17 Borrower shall have entered into the AHAP Contract on terms and conditions acceptable to Bank and the Housing Authority shall have consented to the collateral assignment of the AHAP Contract to Bank.

4.1.18 Borrower shall have entered in the RAD Contract for a period of twenty (20) years from the Closing Date and on terms and conditions acceptable to Bank.
4.1.19 A performance bond naming Bank as co-obligee and a labor and material payment bond, in an amount equal to the amount of the Construction Contract, or if there is no Construction Contract, then in such amounts as Bank may require, issued by a surety acceptable to Bank and otherwise in form and content acceptable to Bank. The performance and the labor and material bonds shall have been recorded in the official records of the county in which the Real Property is located prior to the commencement of work on the Improvements.

4.1.20 Such other documentation, certifications, opinions and information as may be reasonably required by Governmental Lender or Bank.

4.2 Conditions to Issuance of the Funding Loan Notes. Governmental Lender's obligation to execute the Funding Loan Notes, and Governmental Lender's and Bank's obligation to enter into this Agreement, the other Borrower Loan Documents and the Funding Loan Documents, and to make the Initial Disbursement, are subject to the satisfaction, or waiver by Governmental Lender or Bank, as applicable, each of the conditions in Section 4.1 and of all of the following conditions precedent:

4.2.1 Governmental Lender and Bank shall have received fully executed originals of each of the Borrower Loan Documents and the Funding Loan Documents.

4.2.2 The Tax-Exempt Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Governmental Lender and Bank.

4.2.3 Each of the Recorded Documents shall have been recorded in the Official Records of the county in which the Real Property is located, or shall have been executed and submitted to a title company for recordation in the official records of the county in which the Real Property is located.

4.2.4 The Financing Statements have been filed with the Secretary of State of California, and Bank shall have received a certificate of the Secretary of State showing such Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens) except as otherwise agreed to by Bank.

4.2.5 Title Insurer shall have committed to deliver to Bank the Title Policy.

4.2.6 Bank and Governmental Lender shall have received and approved an executed original of each of the following opinions, in each case addressed to each of Governmental Lender and Bank and in each case in form and substance approved by Governmental Lender and Bank: (a) the opinion of counsel to Borrower and the other Loan Parties, opining as to the due formation, qualification and good standing of Borrower and the other Loan Parties, the due authorization by Borrower and the Loan Parties of the execution, delivery and performance of the Borrower Loan Documents, and the enforceability of the Borrower Loan Documents, and covering such other matters as Bank may require; and (b) an opinion of Tax Counsel, opining as to the due organization and valid existence of the Governmental Lender, due execution and delivery by the Governmental Lender of the Funding Loan Agreement, and this Agreement, the enforceability of the Funding Loan Agreement and this Agreement, and the exclusion of interest on the Tax-Exempt Funding Loan Notes from gross income for federal income tax purposes.

4.2.7 Bank shall have received and approved such Financial Statements and other financial information as it may require regarding the financial condition of Borrower, the Loan Parties and/or the Property.

4.2.8 Bank shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Funding Loan Notes, and (ii) all sources for payment of such costs and expenses.

4.2.9 To the extent not funded from the Initial Disbursement, Borrower shall have paid (or will pay concurrently with issuance of the Funding Loan Notes) to Governmental Lender and Bank, as
applicable, in immediately available good funds (a) all costs and expenses incurred by Governmental Lender and Bank in connection with the Funding Loan, the making of the Borrower Loan and the negotiation, preparation and closing of the Borrower Loan Documents and Funding Loan Documents, (b) the Tax Counsel fees and expenses due and payable, (c) all fees to Governmental Lender then due and payable, and (d) the initial Fiscal Agent’s Fees (as defined in the Funding Loan Agreement).

4.2.10 Borrower shall have delivered to Bank, and Bank shall have approved such information, and/or documentation as Bank may require to evidence that paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

5. DISBURSEMENTS.

5.1 Initial Disbursement.

5.1.1 Prior to the Initial Disbursement, the following conditions shall have been satisfied in addition to the conditions set forth in Sections 4.1 and 4.2, as determined by Bank:

(a) Borrower and all Loan Parties shall have performed to Bank’s satisfaction all covenants required to be performed under this Agreement, the other Borrower Loan Documents and the Funding Loan Documents on or before the Funding Date.

(b) No change shall have occurred which could have a material adverse effect on Borrower, any Loan Party, the Property or Bank’s right or ability to receive payment in full of the Borrower Loan, as determined by Bank in its sole discretion.

(c) No Event of Default shall exist.

(d) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(e) Bank shall have approved in its sole discretion, the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect’s Agreement, and any other agreements that Bank determines are material to the construction of the Improvements.

(f) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(g) If required by Bank, Bank shall have received a list of the names and addresses of all suppliers, laborers and subcontractors with whom agreements have been made with Contractor and/or Borrower to deliver materials and/or perform work on the Improvements.

(h) Such evidence as Bank may require evidencing expenditure of Borrower’s Equity on Project costs in accordance with this Agreement is at least $1,423,508 [CHECK].

(i) [Such evidence as Bank may require evidencing that the entire amount of the Housing Authority Acquisition Loan and [$_____________________] of the Housing Authority Gap Loan shall have been disbursed by the Housing Authority Loan to or for the account of Borrower for Project costs in accordance with the Project Budget.] [CHECK: CONFIRM FUNDING SCHEDULE FOR HOUSING AUTHORITY GAP LOAN]

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Bank, on behalf of Governmental Lender, shall make an Advance in accordance with the Project Budget and the
Disbursement Schedule the amounts to be paid by Bank pursuant to the settlement statement approved by Bank.

5.2 Subsequent Disbursements.

5.2.1 Prior to making any Advances after the Initial Disbursement, except for the final Advance, the following additional conditions shall have been satisfied, as determined by Bank:

(a) All specific requirements for the disbursement set forth in the Disbursement Schedule shall have been satisfied.

(b) No Event of Default shall exist.

(c) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct in all material respects on and as of the date of the disbursement with the same effect as if made on such date.

(d) The Improvements shall not have been damaged by fire or other casualty unless Bank has determined that Bank will receive insurance proceeds sufficient in Bank’s judgment to effect the satisfactory restoration of the Improvements and permit Project Completion prior to the Completion Date.

(e) If required by Bank, Bank shall have received confirmation to its satisfaction that (A) to date, the Improvements have been constructed substantially in accordance with the Plans and the Construction Contract (if any), and (B) the present state of construction of the Improvements will, barring then unforeseen and unknown delays, permit Project Completion on or before the Completion Date.

(f) If Bank has determined that the undisbursed proceeds of the Borrower Loan, together with the undisbursed amount of the Infill Loan designated for payment of infrastructure costs, and Borrower’s Funds (if any) are insufficient to pay all costs to complete construction of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrower’s Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Bank, (A) Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Leasehold Estate; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made, and (B) upon completion of the foundation, Title Insurer shall have issued its foundation endorsement to the Title Policy insuring Bank that the foundation is constructed wholly within the boundaries of the Real Property and does not encroach on any easements or violate any covenants, conditions or restrictions or any Governmental Requirement.

(h) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(i) All amounts deposited into the Borrower’s Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement.

(j) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor’s obligations under the Partnership Agreement, and (ii) the Housing Authority shall have executed
and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.

(k) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), no more than two (2) times per calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit and that pro-rata portion of overhead of Contractor attributable to the construction of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Bank for payment. Upon verification of the accuracy of the Draw Request by Bank by inspection of the Real Property and Improvements (if required by Bank), Bank, on behalf of Governmental Lender shall disburse the amount of the respective approved Draw Request in accordance with the Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bank’s option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Bank, through a fund control service acceptable to Bank under a fund control agreement in form and content acceptable to Bank.

5.3 Final Disbursement.

5.3.1 Prior to making the final Advance, the conditions set forth in Sections 5.1, 5.2 and 5.4 (as applicable) and the following conditions shall have been satisfied, as determined by Bank:

(a) Bank shall have received confirmation to its satisfaction that the Improvements have been completed substantially in accordance with the Plans and the Construction Contract (if any).

(b) If required by Bank, Bank shall have received a copy of the temporary certificate of occupancy (or its equivalent as determined by Bank) issued by the appropriate Governmental Authority.

(c) Bank shall have received evidence that Borrower has recorded a notice of completion (or its equivalent as determined by Bank) with respect to the Improvements.

(d) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic’s and materialmen’s liens or claims thereof, or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender’s and Bank’s interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank. Bank may waive the conditions set forth in this Section 5.3.1(d) in its sole discretion.

(e) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor’s obligations under the Partnership Agreement, and (ii) the Housing Authority shall have executed and delivered to Bank an estoppel certificate in form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.
Such evidence as Bank may require evidencing expenditure of Borrower’s Equity on Project costs in accordance with this Agreement is at least [$12,657,727] [CHECK] in the aggregate.

5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3.1 and 5.4 (as applicable).

5.4 Additional Conditions to Advances. Bank shall have the right to condition any Advance upon Bank’s receipt and approval of the following, each in form and content acceptable to Bank:

5.4.1 The Draw Request.

5.4.2 Bills, invoices, documents of title, vouchers, statements, receipts and any other documents evidencing the total amount expended, incurred or due for any requested line item shown in the Project Budget.

5.4.3 Evidence of Borrower’s use of a lien release, joint check or voucher system acceptable to Bank for payments or disbursements to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements.

5.4.4 Architect’s, inspector’s and/or engineer’s periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and any Governmental Requirement based upon such architect’s, inspector’s and/or engineer’s periodic physical inspections of the Real Property and Improvements.

5.4.5 Waivers and releases of any mechanic’s lien, stop notice claim, equitable lien claim or other lien claim rights.

5.4.6 Any other documents, requirements, evidence or information that Bank may request under any provision of the Borrower Loan Documents.

5.4.7 Evidence that any goods, materials, supplies, fixtures or other work in progress for which disbursement is requested have been incorporated into the Improvements.

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower’s ownership thereof and Bank’s security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bank’s request, a security agreement, financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Bank executed by the supplier of the Offsite Materials, and/or such other Persons as Bank determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bank may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

5.4.9 In the event any Draw Request includes the cost of Onsite Materials, such Draw Request shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Real Property for which adequate security is provided against theft and vandalism.
5.4.10 Borrower hereby agrees that Borrower shall not request any disbursements of the Loan to pay for infrastructure costs in connection with the Project designated to be paid for by the Infill Loan in accordance with the terms of the Infill Documents.

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Bank that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to construct the Improvements and to perform Borrower’s obligations under the Borrower Loan Documents and Funding Loan Documents. Bank shall not be required to make any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Bank be required to make any Advance for any line item in the Project Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Bank reserves and shall have the right to make Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Bank may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Bank; provided, however, that if Borrower establishes to the reasonable satisfaction of Bank that a cost savings has been effected in a line item, the amount of such savings shall be transferred to the “hard cost” or “soft cost” contingency line item (as appropriate in view of characterization of the line item in question). Amounts allocated to “hard costs” and “soft costs” contingency line items shall be available for payment of cost overruns in “hard costs” and “soft costs” of the Project, respectively, subject to the prior approval of Bank, which approval shall not be unreasonably withheld but may be conditioned upon Bank’s determination that the remaining balance in the contingency line items is likely to be sufficient to cover potential cost overruns in the remaining line items for which work has not been completed and the final payment has not been made.

5.5.3 All Advances shall be made in accordance with the applicable provisions of the Project Budget and the Disbursement Schedule. All funds disbursed to Borrower shall be received by Borrower in trust and Borrower agrees that such funds shall be used only for the payment of those items contemplated by the particular Advance.

5.5.4 Bank shall not be required to disburse an aggregate amount of the proceeds of the Borrower Loan for labor furnished to and materials incorporated into the Improvements during any stage of construction that exceeds the lesser of (a) the value of such labor and materials, and (b) the amount allocated to that stage of construction in the Project Budget. In any event, Bank shall not be required to disburse any amount that, in Bank’s opinion, will reduce that portion of the undisbursed proceeds of the Borrower Loan designated for completion of the Improvements below the amount needed to pay for the labor and materials necessary to complete the Improvements.

5.5.5 All Advances shall be first made from Borrower Note A-3 until fully disbursed, and then from Borrower Note A-1 until fully disbursed, and then from Borrower Note A-2.

5.5.6 Notwithstanding anything to the contrary contained herein, disbursements of the Borrower Loan shall be made from the Project Fund held by the Fiscal Agent pursuant to the Funding Loan Agreement.

5.6 Disbursement into Project Fund. Notwithstanding anything to the contrary contained in the Funding Loan Documents or the Borrower Loan Documents, if the portion of the Funding Loan as represented by the Tax-Exempt Funding Loan Notes (the “Tax-Exempt Funding Loan”) has not been fully disbursed by December 1, 2024 and Conversion has not yet occurred, in the event the Bank determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on any undisbursed portions of the Tax-Exempt Funding Loan (the “Remaining Undisbursed Tax-Exempt Funding Loan”) not being excluded from gross income for federal income tax
purposes, or otherwise determines that it is in the Bank’s best interest to fully fund the Tax-Exempt Funding Loan in order to assure that interest on the Tax-Exempt Funding Loan Notes will remain excluded from gross income for federal income tax purposes (each a “Contingency Event”), then Bank may, in its discretion, upon five (5) days’ written notice to Borrower, disburse all or any portion of the Remaining Undisbursed Tax-Exempt Funding Loan to the Fiscal Agent for deposit into the Project Fund established pursuant to the Funding Loan Agreement, at which time the proceeds so advanced shall constitute (i) an advance of the portion of the Funding Loan as represented by the Tax-Exempt Funding Loan Notes to the Governmental Lender, and (ii) an advance of the portion of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 by Governmental Lender to the Borrower, unless Bank receives an opinion of Tax Counsel to the effect that the draw of Tax-Exempt Funding Loan proceeds after the Contingency Event will not adversely affect the exclusion of interest on the Tax-Exempt Funding Loan Notes from gross income for federal income tax purposes. The portion of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 disbursed into the Project Fund pursuant to this Section shall be deemed outstanding as of the date advanced into the Project Fund and will immediately commence to accrue interest as provided in Borrower Note A-1 and Borrower Note A-3. All funds disbursed into the Project Fund shall continue to be disbursed by Bank to pay Project costs pursuant to the provisions of the Funding Loan Agreement, this Section 5 and the Disbursement Schedule as if they were Advances of the Borrower Loan.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower makes the following representations and warranties for the benefit of Governmental Lender and Bank, each of which is material and is relied upon by Governmental Lender in making the Borrower Loan and Governmental Lender and Bank in executing this Agreement. Each of the following representations and warranties shall be true and accurate in all material respects as of the Contract Date, the Closing Date and upon disbursement of the Initial Disbursement and each Advance. Borrower agrees that such representations and warranties shall survive and continue until full and final payment of all sums owed under the Borrower Loan Documents.

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower’s organization, existence and the transaction of Borrower’s business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower’s obligations under each of the Borrower Loan Documents and the Funding Loan Documents, and Borrower is authorized to construct the Improvements and to own and operate the Property. The officers of the Borrower executing this Agreement and the Borrower Loan Documents are duly and properly in office and fully authorized to execute the same. This Agreement and the Borrower Loan Documents have been duly authorized, executed and delivered by the Borrower.

6.2 Enforceability. The Borrower Loan Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Loan Documents such that they are the valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors’ rights.

6.3 No Conflicts and Defaults Under Existing Agreements. The execution and delivery of this Agreement, the Borrower Loan Documents and the Funding Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational or other governing documents of the Borrower or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Borrower Loan Documents, or the financial condition, assets, properties or operations of the Borrower.
6.4 No Actions. There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Borrower Loan Document or Funding Loan Documents or affecting Bank’s right to receive payment in full of all amounts outstanding under this Agreement, the other Borrower Loan Documents or the Funding Loan Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or, to the best of Borrower’s knowledge, threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Borrower Loan Documents or any Funding Loan Documents, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower as of the date this representation is made or remade have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

6.5 Other Liens. Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with the Architect, the Contractor or the subcontractors if there is no Contractor.

6.6 Leases. All Leases are in full force and effect, there are no defaults under any of the provisions thereof by any party thereto, and all conditions to the effectiveness or continuing effectiveness of the Leases required to be satisfied as of the date hereof have been satisfied (if any).

6.7 Financial Statements. The Financial Statements delivered to Bank by Borrower and any Loan Party are true and correct in all material respects, have been prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied, and fairly present the financial condition(s) of the Person(s) referred to therein as of the respective dates; no materially adverse change has occurred in the financial condition reflected in any such financial statement since the date shown thereon, and no additional material liabilities have been incurred by any such Person since the date thereof other than the borrowing contemplated hereby or other borrowing disclosed in writing to and approved by Bank.

6.8 Compliance With Laws. The Property and the actual use thereof by Borrower will comply in all material respects with all Governmental Requirements. Borrower has received no notices of violations of any Governmental Requirement.

6.9 Permits, Approvals, Licenses. Except for the certificate of occupancy, Borrower has obtained all licenses, permits and approvals necessary for the ownership, construction, operation and management of the Property, including all approvals essential to the transactions contemplated by this Agreement, the Funding Loan Documents, the Borrower Loan Documents and any other documents contemplated hereby or thereby

6.10 Ownership of Property. Borrower has, or as of the Closing Date will have, and will continue to have leasehold title to the Leasehold Estate and fee title to the Improvements, subject only to the Permitted Liens. The Borrower is the sole borrower under the Borrower Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).
6.11 Ownership of Personal Property. Borrower owns directly all of the Personal Property free and clear of all liens, encumbrances and adverse claims and the security interest of Bank in the Personal Property shall be a first lien thereon.

6.12 Other Financing. Except for the Housing Authority Loan, the Infill Loan and the AHSC Permanent Loan or as otherwise disclosed in writing to Bank and approved by Bank in writing prior to the Closing Date, Borrower has not received other financing for either the acquisition of the Property or the construction and installation of the Improvements.

6.13 Plans, Defects. The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Bank by Borrower. The Borrower will make no changes to the Property or to the operation thereof which would affect the qualification of the Property under the Act or the Code.

6.14 Utilities. All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Real Property or all necessary steps have been taken by Borrower and applicable Governmental Authorities to assure the complete construction and installation thereof, including water supply, storm drain and sanitary sewer facilities, and gas, electric, cable and telephone facilities.

6.15 Roads. All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete construction thereof.

6.16 CC&Rs, Zoning. Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with, all covenants, conditions, restrictions, reservations and zoning ordinances affecting the Property.

6.17 Finder's Fees. Borrower has not dealt with any Person who is or may be entitled to any finder’s fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, consummation of the transactions contemplated hereby, or the making of the Borrower Loan to Borrower.

6.18 Draw Request. Each Draw Request shall be true, complete and accurate and the submission of same shall constitute a reaffirmation of the representations, warranties and covenants contained herein.

6.19 Other Information. No information, statement or report furnished in writing to Governmental Lender or Bank by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Funding Loan Documents or the other Borrower Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Funding Loan Notes) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower’s closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the
estimates and the assumptions contained herein and in any certificate of Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

6.20 No Default. No event has occurred and no condition exists with respect to Borrower, any Loan Party or the Property that would constitute an Event of Default or with the giving of notice or passage of time, or both, if not cured would become an Event of Default.

6.21 Tax Certificate. Borrower has complied with all terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations set forth in the Tax Certificate pertaining to Borrower and the Property are true and accurate.

6.22 Regulatory Agreement. Borrower is not in default under the Regulatory Agreements. The Property is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. Borrower intends to cause the residential units at the Property to be rented or available for rental on a basis that satisfies the requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. All Leases will comply with all Governmental Requirements and the Regulatory Agreements. The Property meets the requirements of this Agreement, the Regulatory Agreements, the Act and the Code with respect to multifamily rental housing.

6.23 No Governmental Lender Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that Person's own, name or in the name of any other Person, in the Funding Loan Notes, the Funding Loan Documents, the Borrower Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Funding Loan Documents or the Borrower Loan Documents.

6.24 Authorizations and Consents. No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any Governmental Authority not already obtained or made (or to the extent not yet obtained or made Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Agreement, the Funding Loan Documents, the Borrower Loan Documents or any other documents contemplated by this Agreement, the Funding Loan Documents or the Borrower Loan Documents.

6.25 No Reliance. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Property; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Governmental Lender is a party or of which it is a beneficiary including, without limitation, the Funding Loan Agreement; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Property; and that it has not relied on the Governmental Lender or Bank for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Funding Loan Agreement or otherwise relied on Governmental Lender, Bank or Bank in any manner.

6.26 Environmental Matters. Borrower has not received any notice that it or the Property is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (collectively "Environmental Laws"), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect
to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

6.27 ERISA. Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974, as amended, and the Department of Labor regulations thereunder, with the Code and with terms of such plan or plans with respect to each pension or welfare benefit plan to which Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

6.28 Tax-Exempt Funding Loan Notes. The weighted average maturity of the Tax-Exempt Funding Loan Notes does not exceed 120% of the average reasonably expected economic life of the Property financed with the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3. The Tax-Exempt Funding Loan Notes are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code. Borrower intends to hold the Property for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Property.

6.29 Tax Credit Allocation Documents Effective. The Tax Credit Allocation Documents are in full force and effect and have not been revoked, amended or modified in any way. Borrower knows of no reason why Project Completion could not occur on or before the Completion Date.

6.30 Satisfaction of Conditions under Tax Credit Allocation Documents, Housing Authority Loan Documents, Infill Documents, AHAP Contract, HAP Contract, RAD Contract and Ground Lease. Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents, the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the HAP Contract, the RAD Contract and the Ground Lease required to be performed or satisfied by Borrower as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

6.31 Tax Credits Not Subject to State Ceiling. Fifty Percent (50%) or more of the aggregate basis of the Improvements and Borrower’s interest in the Property will be financed with proceeds from the Tax-Exempt Funding Loan Notes and, therefore, paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

6.32 AHSC Permanent Loan Standard Agreement. The AHSC Permanent Loan Standard Agreement is unmodified, in full force and effect, and all conditions to the effectiveness or continuing effectiveness of the AHSC Permanent Loan Standard Agreement required to be satisfied by the date hereof have been satisfied.

6.33 Additional Representations, Covenants and Warranties. Borrower also makes the representations, covenants and warranties set forth in Section 1 of the Special Conditions attached hereto as Exhibit C.

7. BORROWER’S COVENANTS. Borrower covenants and agrees with Governmental Lender and Bank that until the full and final payment of all sums owed under the Borrower Loan Documents and the Funding Loan Documents, unless Bank (or the Governmental Lender as to its Retained Rights) waives compliance in writing:

7.1 Application of Advances. Borrower shall receive the Advances made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such Advance.

7.2 Borrower’s Funds. At the time and in amounts required by Bank, Borrower shall deposit Borrower’s Funds into the Borrower’s Funds Account. Should it appear at any time in Bank’s judgment that the sum of undisbursed proceeds of the Borrower Loan, together with the undisbursed proceeds of the Infill
Loan designated for payment of infrastructure costs in connection with the Project, and the then balance of the Borrower’s Funds Account are insufficient to provide the financing for completion of the Improvements, Borrower shall pay to Bank, within ten days following receipt of written demand by Bank, an amount equal to such deficiency for deposit into the Borrower’s Funds Account.

7.3 Lien Priority. At Borrower’s sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property, subject to the Density Bonus Covenant, the RAD Use Agreement, the AHSC Permanent Loan Senior Restrictions and the Permitted Liens.

7.4 Construction Start and Completion.

7.4.1 Borrower shall not commence construction of the Improvements, including, but not limited to, grading and site clearance, and shall not undertake any other act on the Real Property prior to recordation of the Deed of Trust, the result of which would cause any mechanics’ or materialmen’s lien thereafter filed to take priority over the lien of the Deed of Trust, unless prior arrangements satisfactory to both Bank and Title Insurer have been made.

7.4.2 Borrower shall cause construction of the Improvements to be commenced not more than thirty (30) days after the recordation of the Deed of Trust.

7.4.3 Borrower shall cause (a) the Improvements to be constructed in a good and workmanlike manner, with materials of high quality, and in accordance with the Plans, Governmental Requirements and sound building and engineering practices, (b) the construction of the Improvements to be prosecuted with diligence and continuity and completed in substantial conformity with the Plans and to otherwise cause Project Completion to occur on or before the Completion Date, free and clear of liens or claims for liens (other than liens that have been bonded to the reasonable satisfaction of Bank), and (c) all licenses and permits necessary for the occupancy, use or sale of the Improvements to be issued. Borrower shall promptly commence and diligently proceed with the Project.

7.4.4 Borrower shall complete the construction of the Improvements on or before the Completion Date. The construction of the Improvements shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower’s obligations to pay and discharge or cause the release or discharge of any mechanics’ lien as provided in Section 7.14, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy including, but not limited to, temporary certificates of occupancy) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

7.5.1 Borrower shall not permit any change in the Plans without Bank’s prior consent if any such change (a) constitutes a material change in material or equipment specifications, architectural or structural design, or the value or quality of the Improvements, or (b) would result in an increase or decrease in the cost of construction of the Improvements in excess of the Single Change Order Limit for any single change, or in excess of the Aggregate Change Order Limit for all changes.

7.5.2 Borrower shall submit any proposed change in the Plans to Bank not later than ten Business Days prior to the commencement of construction relating to such change.

7.5.3 Borrower shall deliver to Bank in connection with any proposed change requiring Bank’s prior written consent (a) a written request therefor, together with working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bank and executed
by Borrower, Architect and Contractor, and (b) evidence satisfactory to Bank as to the cost and time necessary to complete the proposed change.

7.5.4 Prior to permitting any change in the Plans requiring Bank’s consent, Borrower shall satisfy any condition of Bank’s consent, including, but not limited to, depositing funds to cover any increased Construction Costs into the Borrower’s Funds Account as required by Bank, which Bank is authorized to disburse in accordance with the Project Budget and the Disbursement Schedule for payment of such Change Orders upon completion of such changes to Bank’s satisfaction.

7.6 Detailed Cost Breakdown. Borrower shall not modify the Project Budget or the Detailed Cost Breakdown without Bank’s prior written consent, which consent may be conditioned upon, among other things, (a) Bank’s receipt of evidence satisfactory to Bank that the change in the Project Budget or the Detailed Cost Breakdown is reasonably necessary, and (b) Bank’s confirmation that, in the opinion of Bank, sufficient funds remain in the undisbursed proceeds of the Borrower Loan (and any funds in the Borrower’s Funds Account), together with the undisbursed proceeds of the Infill Loan designated for payment of infrastructure costs, to pay for all remaining direct or indirect costs to complete construction of the Improvements.

7.7 Contractor Covenants. Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Bank the names of all Persons with whom Contractor has contracted or intends to contract for construction of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Bank. Cost savings shall be transferred to contingency line items and thereafter be available for disbursement as provided in Section 5.5.2.

7.8 Construction Contract Only. Borrower shall not execute any contract or become party to any arrangement for the performance of work on the Real Property with any Person except Contractor, and if there is no Contractor, Borrower shall contract only with major subcontractors approved by Bank for the performance of work on the Real Property.

7.9 Paid Vouchers. Borrower shall deliver to Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

7.10 Application of Disbursements. Borrower shall receive the disbursements to be made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such disbursement.

7.11 Foundation Completion. Borrower shall notify Bank immediately upon completion of the foundation of the Improvements and, if required by Bank, deliver to Bank, promptly after completion of the foundation, a foundation survey in form satisfactory to Bank and Title Insurer.

7.12 Personal Property Installation. Without Bank’s written consent, Borrower shall not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract giving any Person other than Borrower any right or title to such property.

7.13 Defect Corrections. Upon demand of Bank, Borrower shall correct any defect in the Improvements or any departure from the Plans not approved by Bank.

7.14 Stop Notices; Mechanic’s Liens. If (a) a bonded stop notice is received by Bank that Bank believes requires the withholding of funds from any Advance or from any disbursement of proceeds from the Borrower’s Funds Account, or (b) a mechanics’ lien, material supplier’s lien or other construction lien is recorded against the Real Property, then Borrower shall within 20 days of such receipt or recordation or within fifteen (15) days of Bank’s demand (whichever first occurs):
7.14.1 pay and discharge same;

7.14.2 effect the release of same by recording a surety bond in sufficient form and amount issued by a surety acceptable to Bank; or

7.14.3 provide Bank with such other assurance as Bank, in its sole discretion, deems to be satisfactory for the payment of, and protection of Bank from, such lien or bonded stop notice.

7.15 Record Keeping, Financial and Other Information. Borrower shall keep and maintain full and complete books of account and other records reflecting the results of operations of the Property in accordance with accounting practices and principles acceptable to Bank and consistently applied, and shall furnish or cause to be furnished to Bank such financial information concerning Borrower, each Loan Party and the Property as Bank may require, including but not limited to:

7.15.1 within forty-five (45) days after the close of each quarter, except for the final quarter of each year, Borrower’s and Guarantor’s Financial Statement as of the close of such period,

7.15.2 within one hundred twenty (120) days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Guarantor. The Financial Statements of Borrower may be prepared by Borrower and certified as true and correct by the chief financial officer of Borrower or Guarantor, The Financial Statements of Guarantor shall be audited by an independent certified public accountant,

7.15.3 within thirty (30) days after written request by Bank, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party (to the extent such Loan Party is not a disregarded entity for income tax purposes), together with all supporting schedules,

7.15.4 within thirty (30) days after written request by Bank, the Financial Statements of Borrower and each Loan Party,

7.15.5 within forty-five (45) days after the close of each quarter, including the final quarter of each year, a certified statement of Liquid Assets for Guarantor,

7.15.6 within thirty (30) days of the final quarter of each year, a projected cash flow statement for the next succeeding calendar year for Guarantor, and

7.15.7 promptly, upon request, provide any other financial information reasonably requested by Bank.

7.16 Post-Construction Financial Reporting. Upon completion of construction of the Improvements, Borrower shall furnish to Bank, without prior request or demand:

7.16.1 Within thirty (30) days after the close of each calendar month prior to the Conversion Date and, thereafter within thirty (30) days of written request by Bank, a monthly or quarterly (as applicable) Operating Statement, a current rent roll and, if retail property, a schedule of gross sales; and

7.16.2 Within one hundred twenty (120) days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Audit, Appraisal and Inspection Rights. Borrower shall permit any representative of Governmental Lender or Bank, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party. Bank shall have the right to obtain new appraisals or update existing appraisals at its sole cost and expense at any time while the Borrower Loan or any portion thereof remains outstanding. Borrower agrees to cooperate with Bank and the appraiser (and use best efforts to cause the tenants on the Project to cooperate with Bank and the appraiser) in permitting access to the
Property and in obtaining operating and other relevant information on the Property. Following an Event of Default hereunder or in the case of a request to transfer the Property pursuant to the Deed of Trust, Borrower shall pay all appraisal fees and related expenses incurred by Bank in obtaining such appraisal reports.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustor or beneficiary of Borrower.

7.19 Payment of Lawful Claims. Borrower shall pay or discharge all lawful claims, including taxes, assessments and governmental charges or levies imposed upon Borrower or Borrower’s income or profits or upon any property belonging to Borrower prior to the date upon which any penalties attach; provided that Borrower shall not be required to pay any such tax, assessment, charge or levy, the payment of which is being contested in good faith and by proper proceedings and for which Borrower is maintaining adequate reserves in accordance with generally accepted accounting principles.

7.20 Payment of Costs. Borrower shall pay all costs and expenses incurred by Bank in connection with the enforcement by Bank of any of Borrower’s obligations under this Agreement or the other Borrower Loan Documents, and the preparation of this Agreement and the other Borrower Loan Documents, including but not limited to (a) all appraisal fees, cost engineering and inspection fees, legal fees and expenses (including the fees and costs of in-house counsel and legal staff), accounting fees, environmental consultant fees and costs of title insurance, survey, seismic, escrow and other fees and charges, and (b) all taxes and recording expenses, including stamp taxes, if any.

7.21 Approval of Easements and Other Documents. Borrower shall submit to Bank for Bank’s approval all prospective easements, private or public dedications, and declarations of covenants, conditions and restrictions intended to affect the Real Property and Bank’s approval shall be obtained in writing prior to the execution or granting thereof by Borrower. Borrower’s request for approval of any prospective easement or private or public dedication shall be accompanied by a drawing or survey showing the precise location of such prospective easement or private or public dedication. Borrower’s request for approval of any prospective declaration of covenants, conditions and restrictions shall be accompanied by a description of the property affected thereby.

7.22 Compliance with Laws; Preservation of Rights.

7.22.1 Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower’s business thereon and therefrom.

7.22.2 If the Improvements contain wooden exterior elevated elements with load bearing components, Borrower shall comply with the requirements of California Health and Safety Code Section 17973, including all inspection and reporting requirements.

7.22.3 If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.
7.23 Notices. Borrower shall promptly and in no event less than ten (10) Business Days after Borrower receives notice thereof notify Bank and the Governmental Lender in writing of:

7.23.1 the occurrence of any Event of Default or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto;

7.23.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower’s ability to timely perform any of Borrower’s obligations under any of the Borrower Loan Documents and the Funding Loan Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Tax-Exempt Funding Loan Notes;

7.23.3 the issuance against any Loan Party or the property of any Loan Party of any writ of attachment, execution or other judicial lien, which is not dismissed within fifteen (15) days;

7.23.4 any notice that the Improvements or construction thereof, the Property or Borrower’s business fails in any respect to comply with the applicable Governmental Requirement; and

7.23.5 the occurrence (or receipt of written notice) of any default under the Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract or the Ground Lease.

7.24 Indemnity.

7.24.1 Borrower shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any and all liabilities, claims, actions, proceedings, damages, costs and expenses (including all reasonable attorney’s fees, including, but not limited to, the fees and costs of any of such party’s in-house counsel and legal staff) arising out of or resulting from:

(a) The Borrower Loan, the Borrower Loan Documents, the Funding Loan Documents, Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the AHSC Permanent Loan Documents, the HAP Contract, the RAD Contract the Ground Lease or the execution or amendment or performance thereof or in connection with the transactions contemplated therein, including the issuance, sale and/or resale of the Funding Loan Notes.

(b) Any finder’s fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby.

(c) The development of the Property, construction of the Improvements or the ownership, operation or use of the Property

(d) Any declaration of taxability of interest on the Tax-Exempt Funding Loan Notes, or allegations (or regulatory inquiry) that interest on the Tax-Exempt Funding Loan Notes are taxable, for federal tax purposes.

(e) The issuance of any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower’s own cost and with counsel approved by Bank, unless Bank elects to conduct its own defense at the expense of Borrower in the event Bank reasonably determines a conflict of interest exists by reason of common representation of if all parties commonly represented do not agree as to the action (or inaction) of counsel.
(f) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

(g) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender and/or the Bank hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project.

(h) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof other than violations that arose subsequent to Borrower's ownership of the Property and do not relate to Borrower's prior ownership of the Property.

(i) The prepayment, in whole or in part, of the Funding Loan Notes.

(j) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Funding Loan Notes or any of the documents relating to the Funding Loan Notes to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Funding Loan Notes of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading.

(k) The Bank’s acceptance or administration of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties as Bank thereunder or under any of the documents relating to the Funding Loan Notes to which it is a party.

Notwithstanding the foregoing, Borrower shall not be required to indemnify and hold the Indemnified Parties harmless from any liability, claim, action, damage, cost, or expense to the extent such liability, claim, action, damage, cost or expense results solely from the willful misconduct of the Governmental Lender, each of its respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future and the gross negligence or willful misconduct of such other Indemnified Party.

7.24.2 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Borrower Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Borrower Loan Documents or the Funding Loan Documents or applicable law limiting Borrower's liability or any Indemnified Party’s recourse or rights to a deficiency judgment; or (c) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Borrower Loan Documents or the Funding Loan Documents. Borrower’s liability hereunder is direct and primary and not secondary as a guarantor or surety.

7.24.3 This indemnity is not intended to give rise to, and shall not give rise to, a right of Bank to claim payment of the principal and accrued interest with respect to the Borrower Loan as a result of a claim under this Section 7.24.

7.24.4 In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by such Indemnified Party, and shall assume the payment of all expenses related thereto, with full
power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the judgment of such Indemnified Party, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

7.24.5 Notwithstanding any transfer of the Property to another owner in accordance with the provisions of this Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 7.24 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of Borrower hereunder.

7.24.6 The rights of any persons to indemnity hereunder and to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan Notes and, in the case of Bank, any resignation. The provisions of this Section 7.24 shall survive the termination of this Agreement.

7.24.7 This indemnity is in addition to, and shall in no way limit the provisions of Section 9 of the Tax-Exempt Regulatory Agreement. With respect to the Governmental Lender, the Tax-Exempt Regulatory Agreement shall control in any conflicts between this Section 7.24 and Section 9 of the Tax-Exempt Regulatory Agreement.

7.25 Performance of Acts. Upon request by Bank, Borrower shall perform all acts that may be necessary or advisable to perfect any lien or security interest provided for in the Borrower Loan Documents or the Funding Loan Documents to carry out the intent of the Borrower Loan Documents or the Funding Loan Documents.

7.26 Notice of Change. Borrower shall give Bank prior written notice of any change in the location of Borrower’s place of business (or Borrower’s chief executive office if Borrower has more than one place of business) or Borrower’s name, business structure or place of incorporation or other formation, and, unless otherwise approved by Bank in writing, Borrower shall maintain all tangible Personal Property (other than the books and records) at the Real Property and all books and records at Borrower’s place of business (or chief executive office if Borrower has more than one place of business).

7.27 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein). Notwithstanding anything in this Agreement to the contrary, in the event of a conflict between the terms of this Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

7.28 Funding Loan Documents. Borrower shall timely perform its obligations under the Funding Loan Documents.

7.29 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Bank and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Governmental Lender, to cooperate fully and promptly with Governmental Lender in enforcing the terms and provisions of the Tax-Exempt Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the rebate certifications required by the Tax-Exempt Regulatory Agreement. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of any of the Regulatory Agreements by Borrower, and Borrower agrees to
indemnify the Indemnified Parties from any claim or liability for any such breach under the Regulatory Agreements.

7.30 **Prohibited Activities.** Without Bank’s prior written consent Borrower shall not:

7.30.1 Engage in any business activities substantially different from Borrower’s present business or liquidate or dissolve Borrower’s business;

7.30.2 Suffer or permit any liens or encumbrances to be placed on the Property other than the Permitted Liens.

7.30.3 Merge or consolidate with or into, or enter into any partnership, joint venture, syndicate or similar business arrangement with, any Person or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

7.30.4 Transfer any interest in the Property (other than the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreements and dispositions of Personal Property expressly permitted by the Borrower Loan Documents) without the prior written consent of Bank, which consent may be withheld in Bank’s absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bank relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Bank’s prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise; provided, however, that in the case of The Related Companies, L.P., Transfers of up to twenty-five percent (25%) (individually or in the aggregate) of ownership interests in The Related Companies, L.P. prior to Conversion and of up to one hundred percent (100%) of such ownership interests in The Related Companies, L.P. thereafter are permitted. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Borrower Loan Documents or the Funding Loan Documents, and Borrower shall deliver to Bank all documents reasonably required by Governmental Lender to evidence its continuing liability. No consent by Bank in connection with any Transfer shall constitute (x) a consent by Governmental Lender under the Tax-Exempt Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Governmental Lender of any term or condition of the Tax-Exempt Regulatory Agreement. Notwithstanding the foregoing but subject to the terms of Section 10 of the Tax-Exempt Regulatory Agreement, (a) Tax Credit Investor may transfer its limited partnership interests in Borrower to an entity controlled directly or indirectly by Raymond James Tax Credit Funds, Inc; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-managing membership interest in Tax Credit Investor shall constitute a “transfer” hereunder, (c) subject to Bank’s consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder, (d) subject to Bank’s consent, which shall not be unreasonably withheld, Borrower’s administrative general partner may remove and replace the managing General Partner in accordance with the Partnership Agreement following a default by the managing General Partner thereunder, and (e) each General Partner may pledge its general partnership interest in the Borrower to the Tax Credit Investor, provided that such pledge shall be subject and subordinate to such General Partner's pledge to Bank pursuant to the Assignment of Partnership Interest (GP). Borrower acknowledges that any transfer permitted by this Section must also comply with the terms and conditions of the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the Ground Lease and Regulatory Agreements.
7.30.5 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party other than amendments to the Partnership Agreement solely with respect to transfers of partnership interests permitted by Section 7.30.4 above and no other amendments to the organizational documents.

7.30.6 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.30.7 Enter into any new Funding Loan Documents, Housing Authority Loan Documents Infill Documents or AHSC Permanent Loan Documents, or amend, modify, supplement, cancel or terminate any Funding Loan Documents, Housing Authority Loan Documents, Infill Documents or AHSC Permanent Loan Documents.

7.30.8 Amend, modify, supplement, cancel or terminate the AHAP Contract (including the form of HAP Contract attached as an exhibit to the AHAP Contract), the HAP Contract, the RAD Contract or the Ground Lease.

7.30.9 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Tax-Exempt Funding Loan Notes.

7.30.10 Except for the Regulatory Agreements, accept any deed or other restriction or enter into any regulatory or other similar agreement regulating or restricting the use or operation of the Property or restricting the tenant income and/or rent levels for the Property in connection with the allocation to the Property of federal low-income housing tax credits or otherwise.

7.31 Set Aside Letters. In the event Bank issues, at Borrower’s request, any Set Aside Letter, Borrower represents, warrants and agrees as follows:

7.31.1 The sum that Borrower requests Bank to allocate for Bonded Work shall be sufficient to pay for the costs of construction and completion of the Bonded Work in accordance with any agreement between Borrower and the Governmental Authority and a copy of such agreement shall be furnished to Bank by Borrower as a condition precedent to the issuance by Bank of any Set Aside Letter;

7.31.2 Bank is irrevocably and unconditionally authorized to disburse to the Governmental Authority or Surety all or any portion of proceeds of the Borrower Loan upon a demand of the Governmental Authority or Surety made in accordance with the terms and conditions of the Set Aside Letter;

7.31.3 Any disbursement or payments that Bank makes or may be obligated to make under any Set Aside Letter, whether made directly to the Governmental Authority, Surety, or to others for completion of all or part of the Bonded Work, shall be deemed an Advance to or for the benefit of Borrower;

7.31.4 Bank shall have no obligation to release any security under the Borrower Loan Documents unless and until Bank has received a full and final written release of its obligations under each Set Aside Letter; and

7.31.5 The fee for issuing each Set Aside Letter hereunder shall be determined when each Set Aside Letter is issued by Bank.
7.32 **Management of Property.** Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Bank. Bank acknowledges that it has consented to Related Management Company, L.P., as the initial manager of the Real Property and to the management agreement entered into between Related Management Company, L.P. and Borrower dated as of August 31, 2020, as amended.

7.33 **Leases.**

7.33.1 **Negative Covenants.** In addition to the provisions of the Deed of Trust, and regardless of whether or not Bank’s prior written approval is required, Borrower shall not, without Bank’s prior written consent: (a) grant to any tenant any right or option to purchase the Property or any portion thereof, or any other present or future interest in any portion of the Property other than the right to use and occupy the leased premises, (b) grant to any tenant the right to terminate its lease if the lease of one or more other tenant is terminated, or (c) accept payment of rent from any tenant in any form other than cash or cash equivalent.

7.33.2 **Affirmative Covenants.** In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Bank (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with Ground Lease, the HAP Contract, the RAD Contract, the Housing Authority Loan Documents, the AHSC Permanent Loan Documents, the Infill Loan Documents and all Regulatory Agreements and is consistent with the rent proforma submitted by Borrower and approved by Bank (c) enter into Leases only with bona fide third party tenants in an arm’s length transaction, (d) whether or not Bank’s prior written approval is required, deliver to Bank, within ten days of Bank’s request, all new Leases (together will all financial information obtained by Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) promptly notify Bank in writing of material claims of any breach, if any, of any of Borrower’s obligations as landlord under any Lease.

7.34 **Compliance.** Upon the request of Bank from time to time and at any time certification of the matters set forth below is provided to Governmental Lender or any Governmental Authority, Borrower shall promptly provide to Bank the following:

7.34.1 Borrower’s certification of the Property’s compliance with the rules qualifying the interest payable on the Tax-Exempt Funding Loan Notes for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued under Section 142(d) and the requirements of the Regulatory Agreements;

7.34.2 Property has received or receives a tax credit allocation, Borrower’s certification of the Property’s compliance with the requirements of Section 42 of the Code and the regulations issued under Section 42; and

7.34.3 Such other documents, certificates and other information as may be deemed necessary or appropriate to enable Bank to perform the functions under this Agreement or the Funding Loan Agreement.
7.35 Property Reserves. Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Bank pursuant to the terms of the Borrower Loan Documents, and Borrower hereby grants to Bank a security interest in all such reserves. Borrower agrees to execute such supplemental security documentation as Bank may request confirming such security interest.

7.36 Establishment of Capital Improvement Reserve Account.

7.36.1 Concurrently with the Conversion and as a condition precedent thereto, Borrower shall: (i) establish with Bank the Capital Improvement Reserve Account and Borrower shall execute such documents as are necessary to evidence same and to create and perfect in favor of Bank a security interest therein for the purpose of paying for any capital improvements which are necessary for the continued operation of the Property and which capital improvements are approved by Bank, which approval will not be unreasonably withheld (“Capital Improvements”); and (ii) commencing after the Conversion Date, on the first day of the month in which Borrower is required to make its first principal and interest payment under the Borrower Notes, and continuing on the first day of every month thereafter, deposit or cause to be deposited into the Capital Improvement Reserve Account an amount equal to no less than $1,854.17 each month.

7.36.2 Borrower shall be entitled to withdraw funds from the Capital Improvement Reserve Account from time to time (but no more often than once every thirty (30) days and in an amount of no less than $1,000 for each such withdrawal) to cover Capital Improvements, but only upon ten (10) days prior written notice from Borrower to Bank requesting to withdraw such funds and only so long as no Event of Default exists and no event has occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default. Said written request shall set forth the amount of funds Borrower wishes to withdraw from the Capital Improvement Reserve Account, shall set forth with specificity those Capital Improvements for which the funds are to be used and shall be accompanied by copies of invoices or other evidence satisfactory to Bank confirming the cost of such Capital Improvements. Bank may also condition the withdrawal of funds from the Capital Improvement Reserve Account upon delivery by Borrower of such contractor’s affidavits, owner’s sworn statements, partial and final waivers of lien and other additional documentation Bank may require to ensure that the Capital Improvements have been completed free and clear of any claims of lien, and in a good and workmanlike manner and otherwise in accordance with all applicable legal requirements. The disbursement of funds withdrawn from the Capital Improvements Reserve Account may be made, in Bank’s discretion, either directly to the parties entitled thereto or to Borrower to pay the same. If such funds are disbursed directly to Borrower, Borrower shall provide Bank with evidence of the payment of the cost of the Capital Improvements within thirty (30) days after Bank’s written request therefor following the date such funds are withdrawn from the Capital Improvement Reserve Account.

7.36.3 Borrower shall diligently pursue completion of all Capital Improvements upon the commencement of the same. All Capital Improvements shall be made in a good and workmanlike manner and shall be completed free and clear of any mechanic’s or materialman’s liens and encumbrances. Borrower shall pay all costs necessary for completion of all Capital Improvements without regard to the sufficiency of the funds in the Capital Improvement Reserve Account. Borrower shall not commence construction of any Capital Improvement or other work prior to obtaining a building permit, if a building permit is required to perform the work, and all other governmental authorizations required with respect thereto, which Borrower shall provide to Bank upon request. Once any construction work has commenced, Borrower shall cause same to be completed substantially in accordance with the plans and specifications therefor and in compliance with all restrictive covenants applicable thereto, free and clear of liens or claims for liens, and shall correct all material defects therein. No disbursement of funds from the Capital Improvement Reserve Account shall constitute a waiver of Bank’s right to require compliance with the foregoing covenants.

7.37 Rent Restrictions. Borrower shall comply, and cause the tenants occupying the Units to comply, with the Rent Restrictions, including, without limitation, maintaining all appropriate records.
7.38 **Preservation of Tax Credits.** Borrower shall observe and perform all obligations imposed on Borrower for the purpose of obtaining, maintaining and utilizing the maximum amount of Tax Credits allocated pursuant to the Tax Credit Allocation Documents and to operate the Project, or to cause the appropriate parties to operate the Project, in accordance with all applicable provisions of the Code and the R&T Code, if applicable, and all other statutes and regulations governing the Tax Credits including, without limitation, the monitoring and reporting requirements set forth in the Qualified Allocation Plan.

7.39 **Compliance with Housing Authority Loan Documents, Infill Loan Documents, AHAP Contract, HAP Contract, RAD Contract, Ground Lease and Regulatory Agreements.** Borrower shall observe and comply with all of the terms and conditions set forth in the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the HAP Contract, the RAD Contract, the Ground Lease and all Regulatory Agreements.

7.40 **Payment of Development Fee.** Borrower shall not pay Related Irvine Development Company, LLC, a California limited liability company, and LOMOD RHC I, LLC, a California limited liability company, more than (i) [$1,100,000] [CHECK] of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [$1,320,000] [CHECK] of their combined development fee in the aggregate on or prior to the Completion Date, (iii) [$4,100,000] [CHECK] of their combined development fee in the aggregate prior to Conversion, and (iv) [$4,200,000] [CHECK] of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee.

7.41 **IRS Form 8609.** Borrower shall deliver to Bank the IRS Form 8609 within five (5) business days following Borrower’s receipt of the same from the Allocation Committee.

7.42 **Obtaining and Maintaining Real Property Tax Exemption.** Borrower shall cause the Managing General Partner to maintain its status as an “eligible limited liability company” (as such term is used in Section 214(g) of the R&T Code) or, if the Managing General Partner no longer maintains its status as an “eligible limited liability company,” to promptly replace such entity with an “eligible limited liability company” or “eligible non-profit corporation” as managing general partner of Borrower approved in writing by Bank, and take all actions and provide such certifications as may be necessary from time to time so that the Project shall be exempt from the payment of ad valorem real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.43 **Draw Requests.** Borrower shall furnish to Bank such statements and other financial data as Bank shall from time to time reasonably request in writing with respect to disbursements made under the Housing Authority Loan or the Infill Loan. Borrower shall deliver, or cause to be delivered, to HCD or the Housing Authority, as applicable (concurrently with the delivery of the same to Bank) copies of all draw requests (and accompanying back-up documentation), if any, submitted to the Bank with respect to disbursements made under the Housing Authority Loan or Infill Loan from time to time. Notwithstanding the foregoing, the Bank’s consent to the foregoing documents shall not be required.

7.44 **Progress Reports and Annual Project Status Reports; Allocation Committee Notices.** Borrower shall promptly deliver to Bank copies of all “Progress Reports” all “Annual Project Status Reports” and all other reports delivered by Borrower to the Allocation Committee, the Housing Authority or HCD from time to time including, without limitation, those reports required by the terms and conditions of the Qualified Allocation Plan or as otherwise required under the terms of the Tax Credit Allocation Documents; such reports shall be delivered to Bank concurrently with the delivery of the same to the Allocation Committee. Borrower shall promptly deliver to Bank copies of all material notices and/or correspondence it receives from time to time from the Allocation Committee to the extent the same relate to the allocation of Tax Credits.

7.45 **Hedge.**

7.45.1 As a condition precedent to making the Borrower Loan, the Borrower shall enter into one or more interest rate swap, forward swap or swaption or interest rate cap or collar transaction or
similar transactions designed to protect against fluctuations in the interest rate with respect to Borrower Note A-3 commencing no later than the Initial Outside Conversion Date and expiring no earlier than the Maturity Date for Borrower Note A-3 with a counterparty acceptable to Bank (which counterparty may, but is not required to be, Bank) (together, as modified from time to time, the “Hedge”). The notional amount of the Hedge must be the outstanding principal amount of Borrower Note A-3 as of the Outside Conversion Date or, if later, the effective date of the Hedge. The Hedge shall provide for a fixed rate of interest not to exceed (or otherwise protect against the interest rate on Borrower Note A-3 exceeding) [___%] (inclusive of the Margin during the Permanent Phase). The cost of the Hedge must be paid in full on its effective date. The identity of the counterparty and the form and substance of the documents and agreements evidencing, securing, guarantying or otherwise governing the Hedge, including, without limitation, any ISDA Master Agreement and Schedule thereto, and any confirmations evidencing the Hedge (together, the “Hedge Documents”), shall be acceptable to Bank in the Bank’s sole discretion. In no event shall the counterparty have a rating by a national rating agency which is less than the rating assigned by such rating agency to Bank. No Hedge Document shall be secured by the Project unless expressly consented to in writing by Bank, which consent may be withheld in Bank’s sole discretion.

7.45.2  On the Closing Date, the Borrower shall acquire a Hedge complying with the requirements of this Section 7.45 and Section 4.1.13. As a condition to the Conversion, the Hedge shall comply with the requirements of this Section 7.45 and subsection (t) of Exhibit D (Conditions to Conversion).

7.45.3  The Borrower shall timely perform all of its obligations under the Hedge Document in accordance with its terms, including payment of all breakage and termination fees due under the applicable Hedge Documents. Unless Bank is the counterparty, the Borrower may not exercise any right or remedy under any Hedge Document without the Bank’s prior written consent and shall exercise its rights and remedies under the Hedge Documents as directed by the Bank in writing.

7.45.4  So long as the Borrower is required to maintain a Hedge, the Borrower shall not terminate, transfer or consent to any termination or transfer of the Hedge without the Bank’s prior written consent, which consent may be withheld in Bank’s sole discretion. No Hedge shall be terminated for any reason unless Borrower enters into a new Hedge complying with the requirements of this Section 7.45; provided, that no Hedge undertaken with Bank may be terminated, terminated and replaced or transferred by the Borrower without the consent of Bank, which consent may be withheld by Bank in its sole discretion. Each replacement Hedge must have a term which commences no later than the later of the Outside Conversion Date or the termination date of the preceding Hedge. If Borrower desires to transfer or terminate a Hedge, Borrower shall provide Bank for Bank’s approval written notice thereof at least sixty (60) days prior to termination of the existing Hedge, together with a description of the terms proposed for the replacement Hedge and the identity of the financial institutions who will bid to be the counterparty on the replacement Hedge. In addition, the Borrower shall provide the Bank for Bank’s approval the identity of the counterparty and copies of the proposed replacement Hedge Documents at least fourteen (14) business days prior to the termination of the existing Hedge; provided, however, that if a Hedge unexpectedly and unavoidably terminates on a date other than its scheduled expiration date, the Borrower shall, within fourteen (14) business days of such termination, obtain a new Hedge satisfying the requirements of this Section 7.45; provided that if such terminated Hedge is one provided by Bank, Bank shall be under no obligation to permit such replacement Hedge to be entered into or to forbear from exercising its creditor remedies during such time.

7.45.5  If Bank is not (or is no longer) the counterparty to the Hedge, the Borrower shall assign each Hedge in effect from time to time to Governmental Lender and Bank pursuant to an assignment of hedge (“Assignment of Hedge”) in a form and content acceptable to Bank in its sole discretion. The Assignment of Hedge must be entered into on or before the effective date of the Hedge. The Hedge Documents and the Assignment of Hedge shall direct the counterparty to make any payments on the Hedge directly to Bank to be applied by Bank to payments due under the Borrower Loan, provided that after the occurrence of an Event of Default, Bank may apply such payments as may determine in its discretion.
7.46 **Ground Lease.** Borrower hereby covenants and agrees to comply with all provisions of the Ground Lease binding on the Borrower; to advise Bank and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Ground Lease. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of the Ground Lease by Borrower, and Borrower agrees to indemnify the Indemnified Parties from any claim or liability for any such breach under the Ground Lease.

7.47 **Tax Covenants of the Borrower.** The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Tax Certificate and the Tax Exempt Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Tax-Exempt Notes to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Tax Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax-Exempt Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of interest on the Tax-Exempt Notes;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Funding Lender Note and will not make any use of the proceeds of the Tax-Exempt Notes, or of any other funds which may be deemed to be proceeds of the Tax-Exempt Notes under the Code and the related regulations of the United States Treasury, which would cause the Tax-Exempt Notes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Tax-Exempt Notes becoming includable in gross income for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender and the Funding Lender;

(f) Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), Borrower (or any related person contemplated by such regulations) will not purchase the Tax-Exempt Notes in an amount related to the amount of the Borrower Loan; and

(g) In the event of a conflict between the terms of this Section 7.47 and the Tax Certificate, the terms of the Tax Certificate shall control.

7.48 **Infill Loan.** Borrower shall request disbursements of the Infill Loan to pay for infrastructure costs in connection with the Project in accordance with the terms of the Infill Documents.

7.49 **AHSC Permanent Loan.** Prior to the Conversion Date, Borrower shall comply with all conditions of the AHSC Permanent Loan Standard Agreement, and shall execute all documents necessary to close the AHSC Permanent Loan. Upon funding (partial or full) of the AHSC Permanent Loan, Borrower shall promptly deliver to Bank the net proceeds of such AHSC Permanent Loan funding to paydown the outstanding balance of the Borrower Loan. From and after the Conversion, Borrower shall (i) observe and comply with all of the terms and conditions set forth in the AHSC Permanent Loan Documents, and (ii) not amend, modify, supplement, cancel or terminate the AHSC Permanent Loan Documents without Bank’s prior written consent.
8. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder and at Bank’s option, exercisable in its sole discretion, shall terminate any obligation of Bank to make any Advance or disbursement of Borrower's Funds. Upon the occurrence of an Event of Default, Bank shall also have the option, exercisable in its sole discretion, to declare the Borrower Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Borrower Loan Document or Funding Loan Document results in the Borrower Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Borrower Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Borrower Loan Document or Funding Loan Document after giving effect to any express curative provisions (if any) provided herein or therein and, in the case of payments other than principal or interest, in the event that there is no curative provision, within ten (10) days after the date when due, or (b) deposit with Bank any of Borrower’s Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Borrower Loan Document or Funding Loan Document that is not specifically referred to in this Section 8 and such breach or default continues uncured after any applicable notice and cure periods (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice), provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have been committed hereunder if Borrower commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion, provided that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default, (b) the Tax-Exempt Regulatory Agreement or other Funding Loan Document after delivery of any required notice of default and subject to any applicable notice and cure periods provided therein, or (c) the Ground Lease.

8.3 Borrower or Contractor does not (a) commence construction of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the construction of the Improvements, or the construction of the Improvements is otherwise discontinued for a period of five (5) days or more, for any reason other than events of Force Majeure, or (c) achieve Project Completion on or before the Completion Date.

8.4 Any representation or warranty by Borrower or any Loan Party made hereunder or under any other Borrower Loan Document proves to be materially false or misleading in any material respect when made.

8.5 Any person obtains an order or decree in any court of competent jurisdiction prohibiting the construction of the Improvements or Borrower or Governmental Lender and Bank from performing this Agreement, and such order or decree is not vacated within thirty (30) days after the granting thereof.

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the construction of the Improvements or the use and occupancy thereof, and such failure continues for thirty (30) days after Borrower obtains actual knowledge thereof.

8.7 Any bonded notice to withhold in connection with the Borrower Loan is validly served on Governmental Lender or Bank and within ten (10) days of the receipt of such service (a) is not discharged, or (b) if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bank is not provided to Bank.

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Bank’s written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten (10) days after the Borrower obtains actual knowledge of the imposition of such lien.
8.9 Bank fails to have an enforceable first lien on or security interest in any property given as security for the Borrower Loan, except for Permitted Liens and as permitted by Bank in writing.

8.10 An event or condition occurs or arises that materially impairs Borrower’s intended use of the Property and such event or condition is not remedied within thirty (30) days.

8.11 Borrower neglects, fails or refuses to keep in force and effect any insurance coverage required by Bank.

8.12 Any Funding Loan Document to which Borrower is a party is amended, modified or terminated without Bank’s prior written consent.

8.13 Interest on the Tax-Exempt Funding Loan Notes is no longer excludable from the gross income of the holder thereof for federal income tax purposes for any reason other than the owner of the Tax-Exempt Funding Loan Notes being deemed to be a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code) solely due to the fact that Bank has a direct or indirect ownership interest in Borrower.

8.14 The occurrence of an event of default by Borrower under the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract or Regulatory Agreement(s) (following the expiration of any curative periods set forth therein).

8.15 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date unless a later date for “placement in service” is permitted by the Allocation Committee and Section 42 of the Code, then on or before such later date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan and the failure of Borrower to cure such failure on or before the first to occur of the date within which cure is permitted under the applicable document or thirty (30) days after Borrower obtains actual knowledge of such failure.

8.16 The determination by Bank (in Bank’s reasonable opinion) at any time that (i) paragraph (1) of Section 42(h) of the Code will apply to the allocation of the Tax Credits or (ii) Project Completion will not occur on or before the Completion Date.

8.17 The maximum amount of Tax Credits reserved by the Allocation Committee under the Preliminary Reservation is reduced by the Allocation Committee which results in a reduction of the Tax Credit Investor’s capital contributions to Borrower which, together with other financing or equity investment permitted under the Borrower Loan Documents, would prevent Borrower from making the full Paydown Amount on or before the Outside Conversion Date, as determined by Bank in its sole discretion.

8.18 Borrower shall fail to obtain the Hedge in accordance with the terms and provisions of Section 7.45. Borrower shall fail to perform any of its obligations under any agreement relating to any Hedge or Hedge Documents following the expiration of any applicable curative provision.

8.19 Borrower modifies, amends or terminates the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract, the Regulatory Agreement(s) or the Ground Lease.

8.20 Borrower fails to satisfy the conditions to Conversion in accordance with Section 3.2 above on or before the Outside Conversion Date.

8.21 Borrower modifies, amends or terminates the AHSC Permanent Loan Standard Agreement or otherwise fails to consummate the closing of the AHSC Permanent Loan in accordance with the terms of the AHSC Permanent Loan Standard Agreement or takes any action that might or does result in
modification, amendment, termination or expiration of the AHSC Permanent Loan Standard Agreement without Bank's written consent.

The Tax Credit Investor shall have the right to cure any default by Borrower hereunder within the time periods (if any) set forth herein for such cure and Bank agrees to accept such cure as if cured by Borrower.

9. REMEDIES. If an Event of Default occurs under this Agreement:

9.1 Governmental Lender and Bank may exercise any right or remedy that it has under any of the Borrower Loan Documents, or that is otherwise available at law or in equity or by statute (which may be exercised directly or by directing the actions of the Fiscal Agent), and all of Governmental Lender's and Bank's rights and remedies shall be cumulative.

9.2 Bank shall have the right, in its sole discretion, to enter the Property and take possession of it, whether in person, by agent or by court-appointed receiver, to perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans, and to collect rents and otherwise protect its collateral and exercise its rights and remedies under the Borrower Loan Documents. If Bank exercises any of the rights or remedies provided in this Section, that exercise shall not make Bank a partner or joint venturer of Borrower. All sums that are expended by Bank in completing the Improvements or in preserving Bank's collateral for the Borrower Loan shall be considered an additional loan to Borrower secured by the Deed of Trust and Security Documents and shall bear interest at the Default Rate.

9.3 Notwithstanding the exercise of any remedy described above or the existence of any Event of Default, Bank, at its option, may make any Advance or disburse any or all of Borrower's Funds without (a) waiving Bank's right to demand payment of the Borrower Loan, (b) incurring liability to make any other or further Advances, and (c) waiving Bank's right to require compliance with Borrower's covenant to correct any defect in the Improvements or departure from the Plans not approved by Bank.

10. POWER OF ATTORNEY. Borrower hereby constitutes and appoints Bank as Borrower's true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

10.1 To take possession of the Property and complete the Improvements or any Capital Improvements.

10.2 To use any of Borrower's Funds and any undisbursed proceeds of the Borrower Loan for the purpose of completing the Improvements and for other costs related thereto and/or to use any of the funds in the Capital Improvement Reserve Account for the purpose of completing any Capital Improvements and for other costs related thereto.

10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Bank, in Bank's sole discretion, deems proper to complete the Improvements.

10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the Improvements or any Capital Improvements.

10.5 To employ security personnel to protect the Property from damage.

10.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds, the Capital Improvement Reserve Account or any undisbursed proceeds of the Borrower Loan as may be necessary or desirable or as Bank deems proper, in Bank's sole discretion, for the completion of the Improvements or the completion of any Capital Improvements, or for the protection or clearance of title to the Property, or for the protection of Bank's interest with respect thereto.
10.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements and/or the completion of any Capital Improvements.

10.8 To record any notices of completion, cessation of labor and other notices that Bank deems necessary to protect any interest of Bank under the provisions of this Agreement, the Deed of Trust, any of the Security Documents, or any other Borrower Loan Document.

10.9 To execute, acknowledge, and deliver all instruments and documents in the name of Borrower that may be necessary or desirable or as Bank deems proper, in Bank’s sole discretion, and to perform any and every act with respect to the construction of the Improvements and/or the completion of any Capital Improvements that Borrower might perform on Borrower’s own behalf.

This Power of Attorney is a power coupled with an interest and cannot be revoked. Any costs or expenses incurred by Bank in connection with any acts performed by Bank under or pursuant to this Section shall be paid by Borrower. If such costs are not paid by Borrower upon demand of Bank, interest shall accrue thereon at the Default Rate. Any such advances made or costs or expenses incurred by Bank shall be secured by the Deed of Trust and Security Documents.

11. MISCELLANEOUS.

11.1 Disclaimer. WHETHER OR NOT GOVERNMENTAL LENDER OR BANK ELECT TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO GOVERNMENTAL LENDER OR BANK UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, NEITHER GOVERNMENTAL LENDER NOR BANK SHALL BE LIABLE FOR THE CONSTRUCTION OF, OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT, THE IMPROVEMENTS.

11.2 Notices. All notices, demands, requests or other communications (including communications by facsimile transmission or e-mail) provided for or allowed hereunder shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), faxed, or e-mailed to the address given with the signatures at the end of this Agreement. Any such notice shall be deemed to have been received by the addressee, (a) if mailed, on the third day following the date of such mailing, or (b) if faxed or e-mailed, upon telephone or e-mail confirmation of receipt. Any party may at any time change its address for such notices by delivery or mailing the other parties to this Agreement a notice of such change.

11.3 Waivers. Any forbearance, failure or delay by Bank in exercising any right, power or remedy shall not be deemed a waiver thereof and any single or partial exercise of any power, right or remedy shall not preclude any further exercise thereof. No waiver of or consent to any breach of any of the covenants or conditions of this Agreement or any other Borrower Loan Document shall be construed to be a waiver of or a consent to any previous or subsequent breach of the same or any other condition or covenant. No waiver or consent shall be effective under any Borrower Loan Document unless it is in writing and signed by an officer of Bank.

11.4 Governmental Lender's and Bank’s Expenses; Rights of Governmental Lender and Bank.

11.4.1 Borrower shall promptly pay to Governmental Lender and Bank, upon demand, with interest thereon from the date of demand at the Default Rate, all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, including without limitation reasonable attorneys’ fees (including the fees and costs of Governmental Lender’s, Fiscal Agent’s and Bank’s in-house counsel and legal staff) and all costs and other expenses paid or incurred by Governmental Lender, Fiscal Agent and Bank in exercising its rights or remedies provided for in this Agreement or any other Borrower Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Bank shall have the right, but not the obligation, to perform such obligations at the
expense of Borrower. The amount of any monies so expended or obligations so incurred by Governmental Lender, Fiscal Agent and Bank, together with interest thereon at the Default Rate, shall be repaid to Governmental Lender, Fiscal Agent and Bank promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents. The obligations of this Section 11.4.1 and those in Section 7.24 (Indemnity) shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Funding Loan Note or termination of this Borrower Loan Agreement or the Funding Loan Agreement.

11.4.2 Without limiting the generality of the foregoing Section 11.4.1, the Borrower shall pay the Governmental Lender and the Bank all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement. These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

11.4.3 Governmental Lender and Bank, and any of Governmental Lender’s and Bank’s representatives, shall have the right, at any time and from time to time, and without notice, to enter upon the Property, to inspect the Improvements and all materials to be used in the construction thereof and to examine the Plans and all detailed plans and shop drawings that are or may be kept at the construction site.

11.5 No Third Party. This Agreement is made for the sole benefit of Borrower, Governmental Lender, Bank and Governmental Lender’s and Bank’s successors and assigns, and no other Person shall have any rights or remedies under or by reason of this Agreement or any right to exercise any right or power of Governmental Lender and Bank hereunder or arising from any default by Borrower. Governmental Lender and Bank shall owe no duty whatsoever to any claimant for labor performed or material furnished in connection with the construction of the Improvements nor any duty whatsoever to apply any undisbursed proceeds of the Borrower Loan to the payment of any such claim or to exercise any right or power of Bank hereunder or arising from any default by Borrower.

11.6 Time of Essence. Time is of the essence of this Agreement and every part hereof.

11.7 Successors and Assigns. Neither this Agreement nor any right of Borrower to receive any sums, proceeds or disbursements hereunder, may be assigned, pledged, hypothecated, anticipated or otherwise encumbered by Borrower without the prior written consent of Bank. Subject to the foregoing restriction and the restrictions contained in the Deed of Trust, this Agreement shall inure to the benefit of Governmental Lender and Bank and Governmental Lender’s and Bank’s successors and assigns and shall bind Borrower and Borrower’s successors and assigns.

11.8 Participation or Syndication. Bank shall have the right, in its sole discretion, to assign all or any part of Bank’s rights in the Borrower Loan and under the Borrower Loan Documents or the Funding Loan Documents, either through direct assignment or through participating interests, subject to the provisions of Section 4.3 of the Funding Loan Agreement. Bank is hereby authorized to disclose to any prospective assignee or participant in the Borrower Loan any and all information regarding Borrower, any Loan Party, the Property or the Borrower Loan.

11.9 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

11.10 Entire Agreement. This Agreement and all other Borrower Loan Documents and the Funding Loan Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings. This Agreement and the other Borrower Loan Documents may be modified, amended or terminated only in writing signed by all parties hereto or thereto.
11.11 Joint and Several Liability. If Borrower consists of more than one Person, each shall be jointly and severally liable to Bank for the performance of this Agreement and the other Borrower Loan Documents.

11.12 Publicity, Signs. Borrower hereby agrees that Bank, at Bank’s expense, may publicize the financing of the Property (including the name of Borrower) and, in connection therewith, may use the project name and address, and a description, photograph or other illustrative drawing of the Property. Borrower hereby grants Bank the right to erect or cause to be erected Bank’s sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the construction of the Improvements. Borrower will exercise, and will cause Contractor and subcontractors to exercise, due care to protect said sign or signs from damage.

11.13 Credit Information and Reports. Borrower authorizes Bank to release information concerning Borrower’s financial condition to suppliers, other creditors, credit bureaus and other credit reporters, and to obtain such information from any third party at any time.

11.14 Headings. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

11.15 Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11.16 Counterparts/Electronic Signatures. This Agreement and each other Borrower Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words “execution,” “signed,” “signature,” and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

11.17 USA Patriot Act Notice. Bank is subject to federal laws to help the government fight money laundering and terrorist financing that require Bank to obtain, verify and record information that identifies Borrower and, when applicable, Borrower's Beneficial Owners. Beneficial Owners for these purposes means any individual holding 25% or more equity ownership of the Borrower, as well as one individual with significant responsibility to control, manage or direct the Borrower (e.g., CEO, CFO, COO, President or similar). This information includes the name, address, date of birth, and other information that will allow Bank to identify Borrower and its Beneficial Owners. By signing this document, Borrower agrees to provide and consents to Bank obtaining, if necessary, from third parties, any and all information reasonably necessary to identify Borrower and its Beneficial Owners.

11.18 Waiver of Jury Trial. To the extent permitted by law, in connection with any action or proceeding, whether brought in state or federal court, under this Agreement or any of the Borrower Loan Documents, the Borrower and Bank hereby expressly, intentionally and deliberately waive any right they may otherwise have to trial by jury of any Claim (as defined below). For purposes of clarity, this provision shall not constitute a waiver of any right to trial by jury held by Governmental Lender.

11.19 Judicial Reference. If the waiver of jury trial set forth hereinabove is not enforceable under the laws of the state in which the Property is located, then the Borrower and the Bank hereby agree that all Claims, including any and all questions of law or fact relating thereto, shall, at the written request of Borrower or Bank, be determined by Reference (as hereinafter defined) as set forth hereinbelow:
11.19.1 Selection Or Appointment Of Referee. Bank and Borrower shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the Bank and Borrower cannot agree upon a referee, the referee shall be appointed by the court.

11.19.2 Conduct Of Reference. Except as otherwise provided in this Agreement, the Reference shall be conducted pursuant to the laws of the state in which the Property is located. The referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of the Borrower Loan Documents or Funding Loan Documents. The referee shall report a statement of decision to the court. The Bank and Borrower shall equally bear the fees and expenses of the referee, unless the referee otherwise provides in the statement of decision.

11.19.3 Provisional Remedies, Self-Help And Foreclosure. No provision of this Agreement shall limit the right of any party to (i) exercise self-help remedies including, without limitation, set-off, (ii) foreclose against or sell any collateral, by power of sale or otherwise or (iii) obtain or oppose provisional or ancillary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference. The exercise of, or opposition to, any such remedy does not waive the right of any party to a Reference pursuant to this Agreement.

11.19.4 No Decision By Jury. Borrower and Bank hereby acknowledge that if a referee is selected or appointed to determine the Claims, then the Claims will not be decided by a jury.

11.19.5 Miscellaneous. In the event that multiple Claims are asserted, some of which are not subject to this Section, the Borrower and Bank agree to stay the proceedings of the Claims not subject to this Section until all other Claims are resolved in accordance with this Section. In the event that Claims are asserted against multiple parties, some of whom are not subject to this Section, the parties agree to sever the Claims subject to this Section and resolve them in accordance with this Section.

11.19.6 Claim. “Claim” shall mean any claim, cause of action, action, dispute or controversy between or among the parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Borrower Loan Documents or the Funding Loan Documents; (ii) and negotiations or communications relating to any of the Borrower Loan Documents or the Funding Loan Documents, whether or not incorporated into the Borrower Loan Documents or the Funding Loan Documents or any indebtedness evidenced thereby; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

11.19.7 Reference. “Reference” shall mean a judicial reference conducted pursuant to this Agreement and in accordance with the laws of the state in which the Property is located, as in effect at the time the referee is selected or appointed.

11.20 Limitation on Damages. In the event that punitive damages are permitted under the laws of the state in which the Property is located, the amount thereof shall not exceed a sum equal to three times the amount of actual damages.

11.21 Exhibits. All exhibits attached hereto are incorporated herein as if fully set forth within this Agreement.

11.22 Non-Liability of Governmental Lender. The Governmental Lender shall not be obligated to pay the principal (or redemption price) of or interest on the Funding Lender Note, except from Pledged Revenues and other moneys and assets received by the Bank on behalf of the Governmental Lender pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or the City of Los Angeles is pledged to the payment of the principal (or redemption price) or interest on the Funding Lender Note. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Funding Lender Note or the Funding Loan Agreement, except only to the extent amounts are received...
for the payment thereof from the Borrower under this Agreement. The Borrower hereby acknowledges that the Governmental Lender’s sole source of moneys to repay the Funding Lender Note will be provided by payments made by the Borrower pursuant to this Agreement and the receipt of other Pledged Revenues, together with investment income on certain funds and accounts held by the Bank under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Funding Lender Note as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bank, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bank, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Bank, the Governmental Lender or any such third party, as the case may be, therefor.

11.23 Waiver of Personal Liability. No member, officer, agent or employee of the Governmental Lender, past, present or future or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Funding Loan Note or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

[Signatures on following page]
IN WITNESS WHEREOF, the parties have executed this Construction and Permanent Loan Agreement as of the date and year first above written.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: __________________________
Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: __________________________
Tina Smith-Booth, President

Addresses for Notice to Borrower:

Rose Hill Courts I Housing Partners, L.P.
c/o Related/Rose Hill Courts I Development Co., LLC
Attn: Mr. Frank Cardone
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Phone No. (949) 660-7272
Fax No.(949) 660-7273
E-mail address: fcardone@related.com

With a copy to:

LOMOD RHC I, LLC
c/o La Cienega LOMOD, Inc.
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attention: President

With a copy to:

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

Raymond James California Housing Opportunities Fund X L.L.C.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly
Phone No. (213) 239-8088
Fax No. (213) 239-0410

With a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Nathan Bernard
BANK:

MUFG UNION BANK, N.A.

By: ____________________________
Name: Joshua Evju
Title: Director

Addresses for Notice to Bank:

MUFG Union Bank, N.A.
Attn: Manager
Real Estate Industries Middle Office
145 South State College Blvd., Suite 600
Brea, CA 92821
Fax No. (949) 752-8361

With a copy to

MUFG Union Bank, N.A.
Attn: Joshua Evju
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Fax No. (925) 947-2455
Phone No. (925) 947-2491
E-mail address: joshua.evju@unionbank.com
GOVERNMENTAL LENDER:

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

By: ___________________________
Name: ___________________________
Title: ___________________________

Address for Notice to Governmental Lender:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

With a copy to:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: General Counsel

With a copy to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue NW, Suite 400
Washington, DC 20001
Attn: Megan Glasheen
JOINER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledges and agrees that the undersigned shall not be entitled to receive more than (i) [$1,100,000] [CHECK] of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [$1,320,000] [CHECK] of their combined development fee in the aggregate prior to the Completion Date, (iii) [$4,100,000] [CHECK] of their combined development fee in the aggregate prior to Conversion, and (iv) [$4,200,000] [CHECK] of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee; any portion of such development fee received by the undersigned in excess of such limits shall be remitted to MUFG Union Bank, N.A. to be held as additional collateral for the Borrower Loan and, upon an Event of Default with respect thereto, applied in reduction of amounts outstanding under the Borrower Loan in such amounts and in such order as MUFG Union Bank, N.A. shall elect in its sole and absolute discretion.

[SIGNATURE PAGE FOLLOWS]
RELATED IRVINE DEVELOPMENT COMPANY, LLC,
a California limited liability company

By: ______________________________________
    Frank Cardone, President

LOMOD RHC I, LLC,
a California limited liability company

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: ___________________________
    Tina Smith-Booth, President
EXHIBIT A
LEGAL DESCRIPTION

This Exhibit A is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A.

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Leasehold estate as created by that certain Ground Lease Agreement (“Ground Lease”) dated May 1, 2021, made by and between Housing Authority of the City of Los Angeles, a public body, corporate and politic, as lessor, and Rose Hill Courts I Housing Partners, L.P., a California limited partnership, as lessee, upon the terms and conditions contained in said Ground Lease and a memorandum thereof recorded concurrently with the Deed of Trust in the Official Records of Los Angeles County, in and to the following:

PHASE 1:

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59'22" WEST, 451.00 FEET; THENCE SOUTH 00°00'38" WEST, 174.46 FEET; THENCE SOUTH 89°59'22" EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00'15" EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN: 5305-011-900
EXHIBIT B
DISBURSEMENT SCHEDULE

This Exhibit B is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A. (the “Agreement”). All terms not defined herein have the meanings given them in the Agreement.

Loan Proceeds in the amount of [$38,298,113] [CHECK], plus other funds in the amount of [$________________] [CHECK], are allocated as provided in the Project Budget attached as Exhibit B-1 to this Agreement. [NOTE: DISBURSEMENT SCHEDULE TO BE UPLOADED BASED UPON FINAL PROJECT BUDGET]

1. **Total Acquisition.** The portion of the Project Budget allocated for “Total Acquisition” in Exhibit B-1 hereto, shall be disbursed to or for the benefit or account of Borrower for the payment of the cost of the acquisition of the Leasehold Estate.

2. **Hard Costs.** As construction of the Improvements progresses, the portion of the Project Budget allocated for “Hard Costs” in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of Hard Costs. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Hard Costs. Subject to the provisions of the “Subsequent Disbursements” and “Additional Conditions to Advances” subsections in the “LOAN DISBURSEMENT” Section of the Agreement, Bank shall make each such disbursement to Borrower, Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bank’s option as to whom and in what amounts payments are to be made), with the percentage to be ninety percent (90%) of the Draw Request submitted by Borrower and approved by Bank. Upon satisfaction of the provisions of the “Final Disbursement” and “Additional Conditions to Advances” subsections in the “LOAN DISBURSEMENT” Section of the Agreement, the remaining ten percent (10%) shall be disbursed to or for the benefit of or account of Borrower upon completion of the Improvements in accordance with the Plans and Governmental Requirements, but only when the statutory lien period has expired or Bank has received an acceptable lien-free title endorsement from the Title Insurer.

3. **Hard Cost Contingency.** The portion of the Project Budget allocated for “Hard Cost Contingency” in Exhibit B-1 hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Hard Cost Contingency shall not release Borrower from any of Borrower’s obligations under any of the Borrower Loan Documents.

4. **Cash Developer Fee.** The portion of the Project Budget allocated for “Cash Developer Fee” in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the developer fee; provided; that Bank shall not disburse more than [$1,100,000] [CHECK] of the development fee in the aggregate on or prior to the Closing Date.

5. **Soft Cost Contingency.** The portion of the Project Budget allocated for “Soft Cost Contingency in Exhibit B-1 hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Soft Cost Contingency shall not release Borrower from any of Borrower’s obligations under any of the Borrower Loan Documents.

6. **Interest Reserve.** The portion of the Project Budget allocated for “Interest Reserve” in Exhibit B-1 hereto, shall be disbursed from time to time directly to Bank for the payment of interest which accrues and
becomes due under the Borrower Note and under any Hedge Document entered into in connection with the Borrower Loan. Bank is authorized to charge the Borrower Loan and Borrower’s Funds Account directly for such interest payments when due. Each such interest payment shall then be deemed paid in full. Depletion of the Interest Reserve shall not release Borrower from any of Borrower’s obligations under the Borrower Loan Documents, including without limitation, the obligation to pay all accrued interest due and owing and the obligation to deposit Borrower’s Funds as required by the "BORROWER’S COVENANTS" Section of the Agreement.

At such time as Borrower receives any Net Operating Income from the operation of the Property, Borrower shall pay to Bank, commencing on the first interest payment date specified in the Borrower Note following the month in which Borrower receives such Net Operating Income, an amount equal to the lesser of (i) the interest payment then due and payable under the Borrower Note, and (ii) Net Operating Income for the prior calendar month. Borrower shall make such payment from funds other than undisbursed proceeds of the Borrower Loan. If Bank elects to require Net Operating Income be paid to Bank pursuant to the preceding sentence, to the extent such Net Operating Income is insufficient to pay in full the interest payment then due and payable under the Borrower Note, and provided that (X) Borrower is not then in default under the terms of the Borrower Loan Agreement, Borrower Note, Deed of Trust or any other Borrower Loan Document, (Y) there is then available in the Interest Reserve sufficient funds for such purposes, and (Z) Borrower has delivered timely to Bank an Operating Statement for the preceding calendar month, Borrower shall be entitled to have such shortfall paid by Bank withdrawing from the Interest Reserve an amount equal to such shortfall, whereupon such interest payment shall then be deemed paid in full.

7. **Bank Inspections.** The portion of the Project Budget allocated for “Bank Inspections” in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of bank inspections. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Bank Inspections.

8. **Total Other Soft Costs.** The portion of the Project Budget allocated for "Total Other Soft Costs" in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the other soft costs of the Project not specifically described in any other line item of the Project Budget. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Other Soft Costs.

9. **Method of Disbursement.** Funds disbursed to Borrower under the terms of this Agreement shall be made by wire transfer to [_________________________] [CHECK] ABA # [_________________________] [CHECK] for credit to Account # [_________________________] [CHECK] in the name of Borrower.

10. **Payment Processing.** Bank is authorized to charge Account # __________ N/A __________ in the name(s) of Borrower for payments, fees and expenses due in connection with the Borrower Note and all renewals and extensions thereof. If no account number is designated, Borrower agrees to pay Bank's usual and customary fees for non-automated payment processing.

11. **Good Funds Disclosure.** BORROWER ACKNOWLEDGES THAT STATE LAW REQUIRES ANY ESCROW AGENT HANDLING FUNDS IN AN ESCROW CAPACITY (INCLUDING ANY TITLE INSURANCE COMPANY) TO HAVE DEPOSITED INTO ITS ESCROW DEPOSITORY ACCOUNT, PRIOR TO RECORDING A TRANSACTION, IMMEDIATELY AVAILABLE FUNDS REPRESENTING ALL DISBURSEMENTS TO BE MADE BY THE ESCROW AGENT. ACCORDINGLY, WITH RESPECT TO ALL FUNDS TO BE DISBURSED PURSUANT TO THE ABOVE, BORROWER AUTHORIZES BANK TO MAKE SUCH DISBURSEMENT TO THE TITLE INSURER ON THE DATE SPECIFIED BY SAID TITLE INSURER, WHICH DATE MAY BE PRIOR TO THE RECORDING OF THE DEED OF TRUST. INTEREST ON AMOUNTS OUTSTANDING UNDER THE BORROWER NOTE SHALL ACCRUE FROM THE DATE OF DISBURSEMENT, WHICH MAY NOT BE THE DATE OF RECORDING OF THE DEED OF TRUST. TITLE INSURER SHALL SPECIFY THE DATE IT REQUIRES SUCH PROCEEDS (INCLUDING LOAN PROCEEDS) FOR USE IN SAID ESCROW.
This Disbursement Schedule is executed by Borrower and Bank this first day of May, 2021.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
it administrative general partner

By: ___________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
it managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
it manager

By: ___________________________
    Tina Smith-Booth, President

BANK:

MUFG UNION BANK, N.A.

By: ___________________________
    Name: Joshua Evju
    Title: Director
EXHIBIT B-1
PROJECT BUDGET

This Exhibit B-1 is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A.

[TO BE INSERTED]
EXHIBIT C
SPECIAL CONDITIONS

1. The following representations and warranties are incorporated by reference in Section 6 of this Agreement:

(a) The Project is located wholly within the City of Los Angeles, which is within the jurisdiction of the Governmental Lender.

(b) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Funding Loan Notes. The Borrower intends to utilize the Project as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

(c) Not in excess of two percent (2%) of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to pay costs of issuance of the Funding Loan Notes.

(d) The acquisition, construction and operation of the Project in the manner presently contemplated and as described herein and in the Tax-Exempt Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be constructed and operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(e) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Funding Loan Notes in order to provide funds for the Borrower Loan.

(f) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell the Project.

(g) The Borrower has contacted all “related persons” thereof (within the meaning of Section 147(a) of the Code) of which it is aware; and none of them shall, at any time, pursuant to any arrangement, formal or informal, acquire any interest in the Tax-Exempt Funding Loan Notes in an amount related to the amount of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3.

(h) All of the proceeds from the Borrower Loan plus any income from the investment of the proceeds of the Borrower Loan will be used to pay or reimburse the Borrower for Project Costs (as defined in the Tax-Exempt Regulatory Agreement), and at least 97% of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to pay or reimburse the Borrower for Qualified Project Costs (as defined in the Tax-Exempt Regulatory Agreement) and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 are expended so as to cause the Tax-Exempt Funding Loan Notes to constitute a “qualified residential rental bond” within the meaning of Section 142(d) of the Code.

(i) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing
interest on the Tax-Exempt Funding Loan Notes to be included in the gross income of the owners thereof for purposes of federal income taxation.

(j) The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the weighted average maturity of the Tax-Exempt Funding Loan Notes does not exceed 120 percent of the average reasonably expected remaining economic life of the facilities being financed with the proceeds of the Tax-Exempt Funding Loan Notes.

(k) The Borrower represents and warrants that no portion of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

2. The following covenants of Borrower are incorporated by reference in Section 7 of this Agreement:

(a) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Governmental Lender or otherwise, any action with respect to the proceeds of the Funding Loan Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Funding Loan Notes would have caused the Tax-Exempt Funding Loan Notes to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(b) Payment of Governmental Lender Fees and Expenses. The Borrower covenants to pay all third-party fees of the financing, including, but not limited to the following:

(i) All taxes and assessments of any type or character charged to the Governmental Lender or to the Bank affecting the amount available to the Governmental Lender or to the Bank from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bank and taxes based upon or measured by the net income of the Bank; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Bank, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Governmental Lender or the Bank;

(ii) The annual fee of the Governmental Lender, payable as set forth in Section 17 of the Tax-Exempt Regulatory Agreement, and, within fifteen (15) days after receipt of request for payment thereof, the reasonable fees and expenses of the Governmental Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender to act on its behalf in connection with this Agreement, the Tax-Exempt Regulatory Agreement, the Funding Loan Notes or the Funding Loan Agreement, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Funding Loan Notes or in connection with any litigation which may at any time be instituted involving this Agreement, the Tax-Exempt Regulatory Agreement and any other Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and
(iii) These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

(c) **Tax Exempt Status of the Funding Loan Notes.**

(i) It is the intention of the Governmental Lender, Bank and the Borrower that interest on the Tax-Exempt Funding Loan Notes shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the Bank and the Governmental Lender.

(ii) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Governmental Lender or the Bank hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Funding Loan Notes that would, or take or omit to take any other action that would cause the Tax-Exempt Funding Loan Notes to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

(iii) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under the Funding Loan Agreement, the Borrower Loan Documents or otherwise by the Bank, the Borrower shall determine the limitations and so instruct the Bank in writing and cause the Bank to comply with those limitations.

(iv) The Borrower will take such action or actions as may be reasonably necessary in the opinion of Tax Counsel or of counsel to the Governmental Lender, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code as it pertains to the Tax-Exempt Funding Loan Notes.

(v) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

(vi) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions of this Borrower Loan Agreement and of the Tax-Exempt Regulatory Agreement, and that in any event, the requirements of this Borrower Loan Agreement and the Tax-Exempt Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(vii) The Borrower shall not purchase, and shall use its best efforts to prevent any guarantor of the Borrower from purchasing, pursuant to an arrangement, formal or informal, any interest in the Tax-Exempt Funding Loan Notes in an amount related to the amount of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3.

(viii) The Borrower will use due diligence to complete the acquisition and construction of the Project and reasonably expects to fully expend the portion of the Borrower Loan by the Completion Date.
(ix) The Borrower will calculate or cause to be calculated, at the times required by the Code, any rebate due to the federal government in respect of the Tax-Exempt Funding Loan Notes, and will make timely payment of any rebate amount due to the federal government.

(d) **Federal Guarantee Prohibition.** The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Funding Loan Notes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) **Limited Liability.** The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement, the Funding Loan Notes or any of the other Borrower Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement. All obligations and any liability of the Governmental Lender shall be further limited as provided in Sections 4.1, 5.2 and 6.7 of the Funding Loan Agreement.
EXHIBIT D
CONDITIONS TO CONVERSION

The following shall be the conditions precedent to conversion:

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<th>Conditions to Conversion</th>
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<td>(a) The final disbursement shall have occurred.</td>
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<td>(b) All indebtedness incurred by the Borrower in connection with the Project, including, but not limited to, the Borrower Loan and any subordinate financing, shall be completely funded and, if applicable, converted to permanent financing.</td>
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<td>(c) No material adverse change has occurred in the financial condition of Borrower or any other Loan Party, as evidenced by current Financial Statements provided by Borrower to Bank.</td>
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<td>(d) All representations and warranties made by Borrower in the Borrower Loan Documents and the Funding Loan Documents shall be true and correct in all material respects on and as of the Conversion Date as if made on and as of the Conversion Date (and, if required by Bank, Bank shall have received a certificate of Borrower to that effect).</td>
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<td>(e) The Improvements shall not have been materially injured or damaged by fire or other casualty unless the injury or damage has been fully repaired to the satisfaction of the Bank.</td>
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<td>(f) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic’s and materialmen’s liens or claims thereof (or, if such lien has been filed, such lien has been bonded over, released or discharged to the satisfaction of Bank), or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender’s and Bank’s interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank.</td>
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<td>(g) Borrower delivers to Bank fully executed copies of any amendments or assignments affecting the formation documents of Borrower and, if applicable, its constituent general partners or members, to the extent not previously provided to and approved by Bank.</td>
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<td>(h) Borrower provides Bank with current evidence of the insurance coverage required pursuant to this Agreement, provided that Borrower need not provide evidence of course of construction insurance and Borrower shall in addition provide evidence of business interruption and/or rental interruption insurance, as applicable.</td>
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<td>(i) Bank shall have received the Paydown Amount in cash or current funds.</td>
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<td>(j) During each month of the three-month period immediately preceding the Conversion Date; at least ninety percent (90%) of the Units within the Property shall have been leased to, and occupied by, third-party residential tenants under Acceptable Unit Leases executed by Borrower in strict compliance with the terms and conditions of this Agreement, the Housing Authority Loan Documents, the Infill Documents, the Ground Lease, the HAP Contract, the RAD Contract and the Regulatory Agreements.</td>
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<td>(k) The Improvements shall have been completed in substantial accordance with the Plans free and clear of all liens other than Permitted Liens and Bank shall have received, to the extent applicable, copies of the final certificates of occupancy for each Unit within the Property.</td>
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<td>(l) As of the Conversion Date, no Event of Default and no other event or condition that, with the giving of notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing.</td>
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<td>(m) If required by Bank, a current survey of the Real Property, including dimensions and delineation of all the Improvements and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.</td>
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<td>(n) Borrower delivers to Bank fully executed copies of the AHSC Permanent Loan Documents and the entire amount of the AHSC Permanent Loan shall have been disbursed by HCD to or for the account of Borrower and applied towards the Paydown Amount.</td>
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<td>(o) During each month of the three-month period immediately preceding the Conversion Date, the Debt Coverage Ratio for the Property shall have been at least 1.15 to 1.00.</td>
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<td>(p) Borrower shall have established with Bank the Capital Improvement Reserve Account and collaterally assigned such account to Bank.</td>
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<td>(q) Borrower shall have paid to Bank all reasonable costs and expenses incurred by Bank and Fiscal Agent in connection with the Conversion.</td>
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<td>(r) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor’s obligations under the Partnership Agreement and (ii) the Housing Authority shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.</td>
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<td>(s) Borrower shall have entered into the HAP Contract on terms and conditions acceptable to Bank, the HAP Contract shall have been collaterally assigned by the Borrower to the Bank pursuant to the Assignment of HAP Contract, and the Housing Commission shall have consented to such assignment of the HAP Contract.</td>
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</table>
Conditions to Conversion

(t) Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, which shall provide for the Borrower to pay a fixed rate of interest no greater than [___%] with respect to Borrower Note A-3 (including the Margin during the Permanent Phase), on an amount not more than the entire outstanding principal balance of Borrower Note A-3 as of the Conversion Date, for the period commencing on the Outside Conversion Date through the Maturity Date applicable to Borrower Note A-3.

(u) Such evidence as Bank may require evidencing expenditure of Borrower’s Equity (including capital contributions to Borrower made by General Partner of at least $2,000,000) on Project costs in accordance with this Agreement is at least [[$16,126,785] [CHECK] in the aggregate.

(v) The Loan-to-Value Ratio shall not exceed eighty percent (80%).
CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

as Governmental Lender,

MUFG UNION BANK, N.A.,

as Bank

and

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership,

as Borrower

Dated: May 1, 2021

Relating to

[$38,298,113] [CHECK]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Notes
(Rose Hill Courts Phase I)
Series 2021A, B and C
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FOR VALUE RECEIVED, Debtor promises to pay to the order of Governmental Lender or its assignee, the Principal Amount, or so much thereof as is disbursed, together with interest on the balance of such Principal Amount from time to time outstanding, at the per annum rate or rates and at the times set forth below. All computations of interest under this Promissory Note A-1 (“Borrower Note A-1”) shall be made on the basis of a year of 360 days, for actual days elapsed. This Borrower Note A-1 evidences a portion of the Borrower Loan made pursuant to the Borrower Loan Agreement. Initially capitalized terms used and not otherwise defined herein shall have the meaning given such terms in the Borrower Loan Agreement.

Debtor acknowledges that Governmental Lender has made an assignment to Bank of all right, title and interest of Governmental Lender in the Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), this Borrower Note A-1, Borrower Note A-2, Borrower Note A-3, the Deed of Trust and the other Borrower Loan Documents and has appointed Bank as its agent to collect payments from Debtor with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Debtor hereby consents to all such assignments and the appointment of Bank as agent for Governmental Lender.

1. INTEREST; PAYMENTS.

   a. The Principal Amount outstanding hereunder from time to time shall bear interest at a rate (the “Variable Note Rate”) which is one and sixty-five hundredths percent (1.65%) (“Margin”) per annum in excess of 79% of the LIBOR Rate, such rate to be set as of the date funds are first disbursed hereunder (“Disbursement Date”) and as of each Interest Change Date, in each case to remain fixed until the next Interest Change Date. The LIBOR Rate shall change on each Interest Change Date. Bank will deliver to Debtor notice of any changes in the Variable Note Rate, but the effectiveness and date of such changes shall not be affected by such notice or the lack thereof. Unless otherwise expressly provided for herein, there is no limit on the amount the Variable Note Rate or the payments on this Borrower Note A-1 may increase or decrease on any single Interest Change Date, or in the aggregate throughout the term of this Borrower Note A-1; provided, however, that in no event shall the Variable Note Rate exceed the Maximum Rate.
b. Commencing on the first day of the month following the Disbursement Date through the Maturity Date, Debtor shall pay monthly installments of interest accrued on the Principal Amount outstanding from time to time at the Variable Note Rate. A payment will be treated as made on the date it is received; provided, however, that if the due date for such payment is not a Business Day and payment is received on the next Business Day, payment will be treated as made on the date payment was due. Interest for the period from the Disbursement Date through (but excluding) the first day of the calendar month following such date shall also be computed at the Variable Note Rate, calculated on the full amount advanced under this Borrower Note A-1. On the Maturity Date, all principal and accrued interest then outstanding shall be immediately due and payable.

c. Subject to the provisions set forth in Exhibit A attached hereto and incorporated herein by reference, if any interest rate defined in this Borrower Note A-1 ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate (the “Replacement Rate”). Subject to the provisions set forth in Exhibit A, notwithstanding anything contained in this Borrower Note A-1, if Bank determines that with respect to the LIBOR Rate, relevant deposits are not being offered to banks in the London Interbank Eurodollar market for the relevant amounts and relevant maturities for the Borrower Loan; adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or the LIBOR Rate does not adequately and fairly reflect the cost to Bank of funding the Borrower Loan, then Bank shall give Borrower notice thereof, and Bank shall be under no obligation to maintain the Borrower Loan as a LIBOR Rate based loan, and during such period the Borrower Loan shall continue bearing interest at the Replacement Rate (plus any applicable margin or spread as set forth in this Borrower Note A-1) and payable at the end of each calendar month or as otherwise may be agreed by Bank and Borrower.

d. Debtor shall pay all amounts due under this Borrower Note A-1 in lawful money of the United States to Bank at its office at 145 S. State College Blvd., Suite 600, Brea, California 92821 or such other office as may be designated by Bank from time to time. Whenever any payment required hereunder shall fall due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

2. **LATE PAYMENTS.** If Bank, on behalf of Governmental Lender, has not received the full amount of any payment by the end of ten (10) calendar days after the date it is due (other than payment on the Maturity Date), Debtor will pay a late charge in the amount of six percent (6%) of the overdue payment, such late charge to be immediately due and payable without notice or demand. Debtor will pay this late charge only once on any late payment. Debtor agrees that Governmental Lender and/or Bank will incur administrative costs and other damages not compensated by payment of interest as a result of any payment not being made when due and acknowledges that calculation of actual damages is extremely difficult and impracticable and that the foregoing amount is a reasonable estimate of these damages.

3. **INTEREST RATE FOLLOWING DEFAULT.** In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding Principal Amount under this Borrower Note A-1 at a per annum rate equal to five percent (5%) in excess of the Variable Note Rate, calculated from the date of default until all amounts payable under this Borrower Note A-1 are paid in full, not exceeding the Maximum Rate. To the extent the Default Rate exceeds the Maximum Rate, the following provisions shall apply:

   a. At all times after the occurrence and during the continuance of an Event of Default, Borrower shall pay the Bank the Default Premium on all principal outstanding on this Borrower Note A-1, such Default Premium to be compounded annually.

   b. In the event Borrower fails to reimburse Bank for any amount advanced under the Deed of Trust within ten (10) days after written notice of such advance is made by Bank to Borrower, then Borrower shall pay to Bank the Default Premium on such unreimbursed amount until paid, such Default Premium to be compounded annually.
c. In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

4. PREPAYMENT.

a. Debtor may prepay amounts outstanding under this Borrower Note A-1 in whole or in part provided Debtor has given Bank not less than five (5) Business Days prior written notice of Debtor's intention to make such prepayment and pays the prepayment fee due as a result. The prepayment fee shall also be paid if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal prior to its scheduled payment date.

b. The prepayment fee shall be an amount equal to the present value of the product of (i) the difference (but not less than zero) between (x) the interest rate applicable to the Principal Amount which is being prepaid, and (y) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the sooner of the next Interest Change Date or the Maturity Date, and such securities were held by Bank until such date (“Yield Rate”), (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the sooner of the next Interest Change Date or the Maturity Date and the denominator of which is 360, and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of this Borrower Note A-1, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of this Borrower Note A-1 to be outstanding at the sooner of the next Interest Change Date or the Maturity Date). Present value under this Borrower Note A-1 is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

c. Notwithstanding the foregoing, no prepayment fee shall be payable in connection with a prepayment in full hereunder during the one hundred eighty (180) day period immediately preceding the Maturity Date.

d. In no event shall Bank be obligated to make any payment or refund to Debtor, nor shall Debtor be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the Principal Amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive. In the event of partial prepayment, such prepayment shall be applied to principal payments in the inverse order of their maturity.

e. Bank shall provide Debtor a statement of the amount payable on account of prepayment. Debtor acknowledges that (i) Bank establishes an interest rate upon the understanding that it applies for the entire Interest Period, and (ii) Bank would not lend to Debtor without Debtor's express agreement to pay Bank the prepayment fee described above.

f. DEBTOR HEREBY ACKNOWLEDGES AND AGREES THAT GOVERNMENTAL LENDER WOULD NOT LEND TO DEBTOR THE BORROWER LOAN EVIDENCED BY THIS BORROWER NOTE A-1 WITHOUT DEBTOR'S AGREEMENT TO PAY BANK A PREPAYMENT FEE AS SET FORTH ABOVE. DEBTOR EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE BORROWER LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOVE SET FORTH. DEBTOR ACKNOWLEDGES THAT PREPAYMENT OF THE BORROWER LOAN MAY RESULT IN GOVERNMENTAL LENDER AND BANK INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. DEBTOR THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN
PROVIDED FOR REPRESENTS A REASONABLE ESTIMATE OF THE PREPAYMENT COSTS, EXPENSES OR LIABILITIES GOVERNMENTAL LENDER AND BANK MAY INCUR ON A PREPAYMENT. DEBTOR AGREES THAT GOVERNMENTAL LENDER’S WILLINGNESS TO OFFER THE INTEREST RATE DESCRIBED ABOVE TO DEBTOR IS SUFFICIENT AND INDEPENDENT CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY GOVERNMENTAL LENDER AND BANK FOR THIS WAIVER. DEBTOR UNDERSTANDS THAT GOVERNMENTAL LENDER WOULD NOT OFFER SUCH AN INTEREST RATE TO DEBTOR ABSENT THIS WAIVER. DEBTOR HAS CAUSED THOSE PERSONS SIGNING THIS AGREEMENT ON ITS BEHALF TO SEPARATELY INITIAL THIS PARAGRAPH BY PLACING THEIR INITIALS BELOW:

DEBTOR INITIALS HERE:  __________  __________

g. If Debtor has entered into a Hedge, Debtor acknowledges and agrees that (i) Bank (or its affiliate) has the right, but not the obligation, under the Hedge Documents governing such Hedge, to compel an early termination, in full or in part, of such Hedge as a result of any unscheduled prepayment under this Borrower Note A-1, (ii) any such early termination may result in payment obligations (which may be substantial in amount) being owed by Debtor to Bank (or any affiliate of Bank) as early termination, close-out or settlement amounts, which amounts shall be determined in accordance with the Hedge Documents governing such Hedge and shall be in addition to any prepayment fee and other charges specified herein, and (iii) if such full or partial early termination of the Hedge results in an amount owing by Bank or its affiliate to Debtor, then Bank may in its discretion apply such amount to prepayment of principal hereunder, together with accrued interest on such principal and any resulting prepayment fee. Debtor further acknowledges and agrees that neither Bank nor any of its affiliates is under any obligation to enter into Hedges with Debtor and that such Hedges will be governed by documentation separate from this Borrower Note A-1.

5. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Default shall include, but not be limited to, any of the following: (a) the failure of Debtor to make any payment required under this Borrower Note A-1 when due, subject to applicable notice and cure periods; (b) any breach, misrepresentation or other default by Debtor, any guarantor, co-maker, endorser, or any person or entity other than Debtor providing security for this Borrower Note A-1 (hereinafter individually and collectively referred to as the “Obligor”) under any security agreement, guaranty or other agreement between Bank and any Obligor with respect to the Borrower Loan (as defined in the Borrower Loan Agreement) and the expiration of any applicable notice and cure period expressly contained herein or therein (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice); provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have been committed hereunder if Obligor commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion; provided, that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief, and, in the case of an involuntary proceeding, such proceeding is not dismissed within sixty (60) days of commencement; (e) the assignment by any Obligor for the benefit of such Obligor's creditors; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with the Borrower Loan; (j) the failure of any Obligor to comply with any order, judgement, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes which is not removed or dismissed within fifteen (15) days; (l) the default, subject to applicable notice, cure and grace periods, by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money with respect to the Borrower Loan; (m) a default occurs under any instrument encumbering or affecting all or any portion of the Property subject to the Deed of Trust securing this Borrower Note A-1 and after expiration of any applicable cure period.
provided therein; (n) the issuance against any Obligor, of any writ of attachment, execution, or other judicial lien in any case, which is not dismissed within fifteen (15) days; provided, however, that any such writ of attachment, execution or other judicial lien issued against any guarantor shall have a material adverse effect on the financial condition of such guarantor in the Bank's good faith determination; or (o) the material deterioration of the financial condition of any Obligor which results in (i) Bank deeming itself, in good faith, insecure, and (ii) a material adverse effect on the ability of such Obligor to perform its obligation with respect to the Borrower Loan. Upon the occurrence of any such default, Governmental Lender and Bank, in Bank's discretion, may cease to advance funds hereunder and may declare all obligations under this Borrower Note A-1 immediately due and payable; however, upon the occurrence of an Event of Default under d, e, f, or g, all principal and interest shall automatically become immediately due and payable.

6. ADDITIONAL AGREEMENTS OF DEBTOR. If any amounts owing under this Borrower Note A-1 are not paid when due, Debtor promises to pay all costs and expenses, including reasonable attorneys' fees (including the allocated costs of any in-house counsel and legal staff) incurred by the holder hereof in the negotiation, documentation and modification of this Borrower Note A-1 and all related documents and in the collection or enforcement of any amount outstanding thereunder. Debtor and any Obligor, for the maximum period of time and to the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Borrower Note A-1. If this Borrower Note A-1 is signed by more than one party, the term "Debtor" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. Any married person who signs this Borrower Note A-1 agrees that recourse may be had against the separate property of that person for any obligations hereunder. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Borrower Note A-1 shall accrue until the funds are deemed collected. In any action brought under or arising out of this Borrower Note A-1, Debtor and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in the Borrower Loan Agreement, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Borrower Note A-1. This Borrower Note A-1 shall be construed in accordance with and governed by the laws of the State of California. This Borrower Note A-1 hereby incorporates any alternative dispute resolution provision contained in the Borrower Loan Agreement.

The Deed of Trust permits Bank to declare all obligations hereunder immediately due and payable upon the occurrence of certain events described therein.

7. DEFINITIONS. As used herein, the following terms shall have the meanings respectively set forth below:

a. "Business Day" means (i) except as otherwise provided in clause (ii) below, a day, which is not a Saturday or Sunday, on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of "LIBOR Rate", a day which is both a New York Banking Day and a London Banking Day.

b. "Interest Change Date" means the first day of the first calendar month following the Disbursement Date and the first day of each calendar month thereafter.

c. "Interest Period" means the period of time from one Interest Change Date to the next or to the Maturity Date, as the case may be.

d. "LIBOR Rate" means, for any specified Interest Period, a per annum rate of interest equal to the greater of (a) 0.00% and (b) the rate for deposits in US Dollars for a period equal to the Interest
Period which appears on the Reuters Screen LIBOR 01 Page as of 11:00 a.m., London time, on the day that is two (2) Business Days preceding the first day of such Interest Period.

e. "London Banking Day" means a day on which dealings in U.S. Dollar deposits in London, England, may be carried on by Bank.

f. "New York Banking Day" means a day which is not a Saturday or Sunday on which banks in New York City, New York are open for business for the funding of corporate loans.

[Signature Page Follows]
DEBTOR:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: _____________________________
    Tina Smith-Booth, President
PAY TO THE ORDER OF MUFG UNION BANK, N.A., without recourse

GOVERNMENTAL LENDER:

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

By: ___________________________
Name: ___________________________
Title: ___________________________
Exhibit A

BENCHMARK REPLACEMENT SETTING

The following provisions of this Exhibit A (this “Exhibit”) shall be effective notwithstanding anything to the contrary in the note to which this Exhibit is attached (the “Note”) or in any other loan document related to the Note (and any Hedge Document shall be deemed not to be a document related to the Note for purposes of this Exhibit).

(a) BENCHMARK REPLACEMENT. If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any loan document in respect of such Benchmark setting and subsequent Benchmark settings. Any replacement of a Benchmark related to the Note with a Benchmark Replacement pursuant to this Exhibit shall be effective without any amendment to, or further action or consent of any other party to, the Note or any other loan document related to the Note. Bank will have the right to make any changes (“Benchmark Replacement Conforming Changes”) to the Note that Bank decides may be appropriate to reflect the adoption and implementation of any such Benchmark Replacement and to permit the administration thereof by Bank from time to time and any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of Debtor.

(b) STANDARDS. Any determination, decision or election that may be made by Bank pursuant to this Exhibit, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in Bank’s sole discretion and without consent from Debtor. Bank does not warrant or accept responsibility for, and shall not have any liability to Debtor under the Note or otherwise for, any loss, damage or claim arising from or relating to (i) any matter related to the Benchmark, any component definition thereof or rates referred to in the definition thereof or any alternative, comparable or successor rate thereto (including any then-current Benchmark or any Benchmark Replacement), including whether any such alternative, comparable or successor rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the then-current Benchmark, (ii) the effect or implementation of any Benchmark Replacement Conforming Changes or (iii) any mismatch between the Benchmark or the Benchmark Replacement and any of Debtor’s other financing instruments (including those that are intended as hedges).

(c) CERTAIN DEFINED TERMS. As used in this Exhibit:

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the Benchmark Replacement that has replaced such prior benchmark rate.

“Benchmark Replacement” means the first alternative set forth in the following order that can be determined by Bank for the applicable Benchmark Replacement Date: (1) the sum of (A) Daily Simple SOFR and (B) the related Benchmark Replacement Adjustment or (2) the sum of (A) the alternate benchmark rate that has been selected by Bank as the replacement for the then-current Benchmark for the Corresponding Tenor and (B) the related Benchmark Replacement Adjustment. If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the benchmark rate floor, if any, provided in the Note initially (as of the execution of the Note, the modification, amendment or renewal of the Note or otherwise) with respect to USD LIBOR (the “Floor”), the Benchmark Replacement will be deemed to be such Floor for the purposes of the Note and the other loan documents related to the Note.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable interest period for any
setting of such Unadjusted Benchmark Replacement, (1) for purposes of clause (1) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such interest period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement and (2) for purposes of clause (2) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark: (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof); or (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein. For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means, with respect to the then-current Benchmark, a public statement or publication of information: (a) by or on behalf of the administrator of such Benchmark announcing that such administrator has ceased or will cease to provide such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, (b) by the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark, or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, which states that the administrator of such Benchmark has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, or (c) by the regulatory supervisor for the administrator of such Benchmark announcing that such Benchmark is no longer representative.

“Corresponding Tenor” with respect to the then-current Benchmark means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as (x) if such Benchmark is a term rate, the tenor for such Benchmark or (y) otherwise, the payment period for interest calculated with reference to such Benchmark, as applicable.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for bilateral business loans; provided, that if Bank decides that any such convention is not administratively feasible for Bank, then Bank may establish another convention.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two Business Days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by Bank.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.
“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published on the immediately succeeding Business Day by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on its website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by such administrator from time to time.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means the tenor of London interbank offered rate for U.S. dollars that is or may be used for determining the length of an interest period pursuant to the Note.
PROMISSORY NOTE A-2
(Taxable – Construction)
(Multifamily Housing Back to Back Loan Program)

“Debtor” or “Borrower”:
ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership

“Principal Amount”
$[6,454,481] [CHECK]

“Agreement” or “Borrower Loan Agreement”:
Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of May 1, 2021, between Debtor, Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Governmental Lender”) and MUFG Union Bank, N.A. (“Bank”)

“Maturity Date”
December 1, 2023, as such date may be extended pursuant to Sections 2.5 and 2.6 of the Borrower Loan Agreement

Debtor Address:
c/o Related/Rose Hill Courts I Development Co., LLC
Attn: Mr. Frank Cardone
18201 Von Karman Avenue, Suite 900
Irvine, California 92612

Loan Number

Date of Note: May 1, 2021

$[6,454,481] [CHECK]

FOR VALUE RECEIVED, Debtor promises to pay to the order of Governmental Lender or its assignee, the Principal Amount, or so much thereof as is disbursed, together with interest on the balance of such Principal Amount from time to time outstanding, at the per annum rate or rates and at the times set forth below. All computations of interest under this Promissory Note A-2 (“Borrower Note A-2”) shall be made on the basis of a year of 360 days, for actual days elapsed. This Borrower Note A-2 evidences a portion of the Borrower Loan made pursuant to the Borrower Loan Agreement. Initially capitalized terms used and not otherwise defined herein shall have the meaning given such terms in the Borrower Loan Agreement.

Debtor acknowledges that Governmental Lender has made an assignment to Bank of all right, title and interest of Governmental Lender in the Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), this Borrower Note A-2, Borrower Note A-1, Borrower Note A-3, the Deed of Trust and the other Borrower Loan Documents and has appointed Bank as its agent to collect payments from Debtor with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Debtor hereby consents to all such assignments and the appointment of Bank as agent for Governmental Lender.

1. INTEREST; PAYMENTS.

a. The Principal Amount outstanding hereunder from time to time shall bear interest at a rate (the “Variable Note Rate”) which is one and three-quarters percent (1.75%) (“Margin”) per annum in excess of the LIBOR Rate, such rate to be set as of the date funds are first disbursed hereunder (“Disbursement Date”) and as of each Interest Change Date, in each case to remain fixed until the next Interest Change Date. The LIBOR Rate shall change on each Interest Change Date. Bank will deliver to Debtor notice of any changes in the Variable Note Rate, but the effectiveness and date of such changes shall not be affected by such notice or the lack thereof. Unless otherwise expressly provided for herein, there is no limit on the amount the Variable Note Rate or the payments on this Borrower Note A-2 may increase or decrease on any single Interest Change Date, or in the aggregate throughout the term of this Borrower Note A-2; provided, however, that in no event shall the Variable Note Rate exceed the Maximum Rate.
b. Commencing on the first day of the month following the Disbursement Date through the Maturity Date, Debtor shall pay monthly installments of interest accrued on the Principal Amount outstanding from time to time at the Variable Note Rate. A payment will be treated as made on the date it is received; provided, however, that if the due date for such payment is not a Business Day and payment is received on the next Business Day, payment will be treated as made on the date payment was due. Interest for the period from the Disbursement Date through (but excluding) the first day of the calendar month following such date shall also be computed at the Variable Note Rate, calculated on the full amount advanced under this Borrower Note A-2. On the Maturity Date, all principal and accrued interest then outstanding shall be immediately due and payable.

c. Subject to the provisions set forth in Exhibit A attached hereto and incorporated herein by reference, if any interest rate defined in this Borrower Note A-2 ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate (the “Replacement Rate”). Subject to the provisions set forth in Exhibit A, notwithstanding anything contained in this Borrower Note A-2, if Bank determines that with respect to the LIBOR Rate, relevant deposits are not being offered to banks in the London Interbank Eurodollar market for the relevant amounts and relevant maturities for the Borrower Loan; adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or the LIBOR Rate does not adequately and fairly reflect the cost to Bank of funding the Borrower Loan, then Bank shall give Borrower notice thereof, and Bank shall be under no obligation to maintain the Borrower Loan as a LIBOR Rate based loan, and during such period the Borrower Loan shall continue bearing interest at the Replacement Rate (plus any applicable margin or spread as set forth in this Borrower Note A-2) and payable at the end of each calendar month or as otherwise may be agreed by Bank and Borrower.

d. Debtor shall pay all amounts due under this Borrower Note A-2 in lawful money of the United States to Bank at its office at 145 S. State College Blvd., Suite 600, Brea, California 92821 or such other office as may be designated by Bank from time to time. Whenever any payment required hereunder shall fall due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

2. LATE PAYMENTS. If Bank, on behalf of Governmental Lender, has not received the full amount of any payment by the end of ten (10) calendar days after the date it is due (other than payment on the Maturity Date), Debtor will pay a late charge in the amount of six percent (6%) of the overdue payment, such late charge to be immediately due and payable without notice or demand. Debtor will pay this late charge only once on any late payment. Debtor agrees that Governmental Lender and/or Bank will incur administrative costs and other damages not compensated by payment of interest as a result of any payment not being made when due and acknowledges that calculation of actual damages is extremely difficult and impracticable and that the foregoing amount is a reasonable estimate of these damages.

3. INTEREST RATE FOLLOWING DEFAULT. In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding Principal Amount under this Borrower Note A-2 at a per annum rate equal to five percent (5%) in excess of the Variable Note Rate, calculated from the date of default until all amounts payable under this Borrower Note A-2 are paid in full, not exceeding the Maximum Rate. To the extent the Default Rate exceeds the Maximum Rate, the following provisions shall apply:

a. At all times after the occurrence and during the continuance of an Event of Default, Borrower shall pay the Bank the Default Premium on all principal outstanding on this Borrower Note A-2, such Default Premium to be compounded annually.

b. In the event Borrower fails to reimburse Bank for any amount advanced under the Deed of Trust within ten (10) days after written notice of such advance is made by Bank to Borrower, then Borrower shall pay to Bank the Default Premium on such unreimbursed amount until paid, such Default Premium to be compounded annually.
c. In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

4. PREPAYMENT.

a. Debtor may prepay amounts outstanding under this Borrower Note A-2 in whole or in part provided Debtor has given Bank not less than five (5) Business Days prior written notice of Debtor's intention to make such prepayment and pays the prepayment fee due as a result. The prepayment fee shall also be paid if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal prior to its scheduled payment date.

b. The prepayment fee shall be an amount equal to the present value of the product of (i) the difference (but not less than zero) between (x) the interest rate applicable to the Principal Amount which is being prepaid, and (y) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the sooner of the next Interest Change Date or the Maturity Date, and such securities were held by Bank until such date ("Yield Rate"), (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the sooner of the next Interest Change Date or the Maturity Date and the denominator of which is 360, and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of this Borrower Note A-2, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of this Borrower Note A-2 to be outstanding at the sooner of the next Interest Change Date or the Maturity Date). Present value under this Borrower Note A-2 is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

c. Notwithstanding the foregoing, no prepayment fee shall be payable in connection with a prepayment in full hereunder during the one hundred eighty (180) day period immediately preceding the Maturity Date.

d. In no event shall Bank be obligated to make any payment or refund to Debtor, nor shall Debtor be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the Principal Amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive. In the event of partial prepayment, such prepayment shall be applied to principal payments in the inverse order of their maturity.

e. Bank shall provide Debtor a statement of the amount payable on account of prepayment. Debtor acknowledges that (i) Bank establishes an interest rate upon the understanding that it applies for the entire Interest Period, and (ii) Bank would not lend to Debtor without Debtor's express agreement to pay Bank the prepayment fee described above.

f. **DEBTOR HEREBY ACKNOWLEDGES AND AGREES THAT GOVERNMENTAL LENDER WOULD NOT LEND TO DEBTOR THE BORROWER LOAN EVIDENCED BY THIS BORROWER NOTE A-2 WITHOUT DEBTOR'S AGREEMENT TO PAY BANK A PREPAYMENT FEE AS SET FORTH ABOVE. DEBTOR EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE BORROWER LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOVE SET FORTH. DEBTOR ACKNOWLEDGES THAT PREPAYMENT OF THE BORROWER LOAN MAY RESULT IN GOVERNMENTAL LENDER AND BANK INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. DEBTOR THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN**
Provided for represents a reasonable estimate of the prepayment costs, expenses or liabilities Governmental Lender and Bank may incur on a prepayment. Debtor agrees that Governmental Lender’s willingness to offer the interest rate described above to Debtor is sufficient and independent consideration, given individual weight by Governmental Lender and Bank for this waiver. Debtor understands that Governmental Lender would not offer such an interest rate to Debtor absent this waiver. Debtor has caused those persons signing this agreement on its behalf to separately initial this paragraph by placing their initials below:

Debtor Initials Here: __________ __________

g. If Debtor has entered into a Hedge, Debtor acknowledges and agrees that (i) Bank (or its affiliate) has the right, but not the obligation, under the Hedge Documents governing such Hedge, to compel an early termination, in full or in part, of such Hedge as a result of any unscheduled prepayment under this Borrower Note A-2, (ii) any such early termination may result in payment obligations (which may be substantial in amount) being owed by Debtor to Bank (or any affiliate of Bank) as early termination, close-out or settlement amounts, which amounts shall be determined in accordance with the Hedge Documents governing such Hedge and shall be in addition to any prepayment fee and other charges specified herein, and (iii) if such full or partial early termination of the Hedge results in an amount owing by Bank or its affiliate to Debtor, then Bank may in its discretion apply such amount to prepayment of principal hereunder, together with accrued interest on such principal and any resulting prepayment fee. Debtor further acknowledges and agrees that neither Bank nor any of its affiliates is under any obligation to enter into Hedges with Debtor and that such Hedges will be governed by documentation separate from this Borrower Note A-2.

5. Default and Acceleration of Time for Payment. Default shall include, but not be limited to, any of the following: (a) the failure of Debtor to make any payment required under this Borrower Note A-2 when due, subject to applicable notice and cure periods; (b) any breach, misrepresentation or other default by Debtor, any guarantor, co-maker, endorser, or any person or entity other than Debtor providing security for this Borrower Note A-2 (hereinafter individually and collectively referred to as the “Obligor”) under any security agreement, guaranty or other agreement between Bank and any Obligor with respect to the Borrower Loan (as defined in the Borrower Loan Agreement) and the expiration of any applicable notice and cure period expressly contained herein or therein (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice); provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have been committed hereunder if Obligor commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion; provided, that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor’s debts as such debts become due; (d) the commencement as to any Obligor or any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief, and, in the case of an involuntary proceeding, such proceeding is not dismissed within sixty (60) days of commencement; (e) the assignment by any Obligor for the benefit of such Obligor’s creditors; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor’s property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with the Borrower Loan; (j) the failure of any Obligor to comply with any order, judgement, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes which is not removed or dismissed within fifteen (15) days; (l) the default, subject to applicable notice, cure and grace periods, by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money with respect to the Borrower Loan; (m) a default occurs under any instrument encumbering or affecting all or any portion of the Property subject to the Deed of Trust securing this Borrower Note A-2 and after expiration of any applicable cure period.
provided therein; (n) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien in any case, which is not dismissed within fifteen (15) days; provided, however, that any such writ of attachment, execution or other judicial lien issued against any guarantor shall have a material adverse effect on the financial condition of such guarantor in the Bank’s good faith determination; or (o) the material deterioration of the financial condition of any Obligor which results in (i) Bank deeming itself, in good faith, insecure, and (ii) a material adverse effect on the ability of such Obligor to perform its obligation with respect to the Borrower Loan. Upon the occurrence of any such default, Governmental Lender and Bank, in Bank’s discretion, may cease to advance funds hereunder and may declare all obligations under this Borrower Note A-2 immediately due and payable; however, upon the occurrence of an Event of Default under d, e, f, or g, all principal and interest shall automatically become immediately due and payable.

6. **ADDITIONAL AGREEMENTS OF DEBTOR.** If any amounts owing under this Borrower Note A-2 are not paid when due, Debtor promises to pay all costs and expenses, including reasonable attorneys' fees (including the allocated costs of any in-house counsel and legal staff) incurred by the holder hereof in the negotiation, documentation and modification of this Borrower Note A-2 and all related documents and in the collection or enforcement of any amount outstanding hereunder. Debtor and any Obligor, for the maximum period of time and to the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Borrower Note A-2. If this Borrower Note A-2 is signed by more than one party, the term "Debtor" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. Any married person who signs this Borrower Note A-2 agrees that recourse may be had against the separate property of that person for any obligations hereunder. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Borrower Note A-2 shall accrue until the funds are deemed collected. In any action brought under or arising out of this Borrower Note A-2, Debtor and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in the Borrower Loan Agreement, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Borrower Note A-2. This Borrower Note A-2 hereby incorporates any alternative dispute resolution provision contained in the Borrower Loan Agreement.

The Deed of Trust permits Bank to declare all obligations hereunder immediately due and payable upon the occurrence of certain events described therein.

7. **DEFINITIONS.** As used herein, the following terms shall have the meanings respectively set forth below:

   a. "**Business Day**" means (i) except as otherwise provided in clause (ii) below, a day, which is not a Saturday or Sunday, on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of "LIBOR Rate", a day which is both a New York Banking Day and a London Banking Day.

   b. "**Interest Change Date**" means the first day of the first calendar month following the Disbursement Date and the first day of each calendar month thereafter.

   c. "**Interest Period**" means the period of time from one Interest Change Date to the next or to the Maturity Date, as the case may be.

   d. "**LIBOR Rate**" means, for any specified Interest Period, a per annum rate of interest equal to the greater of (a) 0.00% and (b) the rate for deposits in US Dollars for a period equal to the Interest
Period which appears on the Reuters Screen LIBOR 01 Page as of 11:00 a.m., London time, on the day that is two (2) Business Days preceding the first day of such Interest Period.

e. "London Banking Day" means a day on which dealings in U.S. Dollar deposits in London, England, may be carried on by Bank.

f. "New York Banking Day" means a day which is not a Saturday or Sunday on which banks in New York City, New York are open for business for the funding of corporate loans.

[Signature Page Follows]
DEBTOR:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: ___________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: ___________________________
    Tina Smith-Booth, President
PAY TO THE ORDER OF MUFG UNION BANK, N.A., without recourse

GOVERNMENTAL LENDER:

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

By: ___________________________
Name: ___________________________
Title: ___________________________
Exhibit A

BENCHMARK REPLACEMENT SETTING

The following provisions of this Exhibit A (this “Exhibit”) shall be effective notwithstanding anything to the contrary in the note to which this Exhibit is attached (the “Note”) or in any other loan document related to the Note (and any Hedge Document shall be deemed not to be a document related to the Note for purposes of this Exhibit).

(a) BENCHMARK REPLACEMENT. If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any loan document in respect of such Benchmark setting and subsequent Benchmark settings. Any replacement of a Benchmark related to the Note with a Benchmark Replacement pursuant to this Exhibit shall be effective without any amendment to, or further action or consent of any other party to, the Note or any other loan document related to the Note. Bank will have the right to make any changes (“Benchmark Replacement Conforming Changes”) to the Note that Bank decides may be appropriate to reflect the adoption and implementation of any such Benchmark Replacement and to permit the administration thereof by Bank from time to time and any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of Debtor.

(b) STANDARDS. Any determination, decision or election that may be made by Bank pursuant to this Exhibit, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in Bank’s sole discretion and without consent from Debtor. Bank does not warrant or accept responsibility for, and shall not have any liability to Debtor under the Note or otherwise for, any loss, damage or claim arising from or relating to (i) any matter related to the Benchmark, any component definition thereof or rates referred to in the definition thereof or any alternative, comparable or successor rate thereto (including any then-current Benchmark or any Benchmark Replacement), including whether any such alternative, comparable or successor rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the then-current Benchmark, (ii) the effect or implementation of any Benchmark Replacement Conforming Changes or (iii) any mismatch between the Benchmark or the Benchmark Replacement and any of Debtor’s other financing instruments (including those that are intended as hedges).

(c) CERTAIN DEFINED TERMS. As used in this Exhibit:

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the Benchmark Replacement that has replaced such prior benchmark rate.

“Benchmark Replacement” means the first alternative set forth in the following order that can be determined by Bank for the applicable Benchmark Replacement Date: (1) the sum of (A) Daily Simple SOFR and (B) the related Benchmark Replacement Adjustment or (2) the sum of (A) the alternate benchmark rate that has been selected by Bank as the replacement for the then-current Benchmark for the Corresponding Tenor and (B) the related Benchmark Replacement Adjustment. If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the benchmark rate floor, if any, provided in the Note initially (as of the execution of the Note, the modification, amendment or renewal of the Note or otherwise) with respect to USD LIBOR (the “Floor”), the Benchmark Replacement will be deemed to be such Floor for the purposes of the Note and the other loan documents related to the Note.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable interest period for any
setting of such Unadjusted Benchmark Replacement, (1) for purposes of clause (1) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such interest period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement and (2) for purposes of clause (2) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark: (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof); or (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein. For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means, with respect to the then-current Benchmark, a public statement or publication of information: (a) by or on behalf of the administrator of such Benchmark announcing that such administrator has ceased or will cease to provide such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, (b) by the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark, or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, which states that the administrator of such Benchmark has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, or (c) by the regulatory supervisor for the administrator of such Benchmark announcing that such Benchmark is no longer representative.

“Corresponding Tenor” with respect to the then-current Benchmark means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as (x) if such Benchmark is a term rate, the tenor for such Benchmark or (y) otherwise, the payment period for interest calculated with reference to such Benchmark, as applicable.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for bilateral business loans; provided, that if Bank decides that any such convention is not administratively feasible for Bank, then Bank may establish another convention.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two Business Days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by Bank.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.
“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published on the immediately succeeding Business Day by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on its website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by such administrator from time to time.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means the tenor of London interbank offered rate for U.S. dollars that is or may be used for determining the length of an interest period pursuant to the Note.
FOR VALUE RECEIVED, Debtor promises to pay to the order of Governmental Lender or its assignee, the Principal Amount, or so much thereof as is disbursed, together with interest on the balance of such Principal Amount from time to time outstanding, at the per annum rate or rates and at the times set forth below. All computations of interest under this Promissory Note A-3 ("Borrower Note A-3") shall be made on the basis of a year of 360 days, for actual days elapsed. This Borrower Note A-3 evidences a portion of the Borrower Loan made pursuant to the Borrower Loan Agreement. Initially, capitalized terms used and not otherwise defined herein shall have the meaning given such terms in the Borrower Loan Agreement.

The Borrower Loan Agreement provides for the Borrower Loan to convert as of the Conversion Date from a construction loan to a permanent loan upon Debtor’s satisfaction or written waiver by Bank of the conditions precedent set forth in Section 5.2 of the Borrower Loan Agreement.

Debtor acknowledges that Governmental Lender has made an assignment to Bank of all right, title and interest of Governmental Lender in the Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), this Borrower Note A-3, Borrower Note A-1, Borrower Note A-2, the Deed of Trust and the other Borrower Loan Documents and has appointed Bank as its agent to collect payments from Debtor with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Debtor hereby consents to all such assignments and the appointment of Bank as agent for Governmental Lender.

1. **INTEREST; PAYMENTS.**

   a. The Principal Amount outstanding hereunder from time to time shall bear interest at a rate (the "Variable Note Rate") which is one and sixty-five hundredths percent (1.65%) during the Construction Phase and two percent (2.00%) during the Permanent Phase (collectively, the "Margin") per annum in excess of 79% of the LIBOR Rate, such rate to be set as of the date funds are first disbursed hereunder ("Disbursement Date") and as of each Interest Change Date, in each case to remain fixed until the next Interest Change Date. The LIBOR Rate shall change on each Interest Change Date. Bank will deliver to Debtor notice of any changes in the Variable Note Rate, but the effectiveness and date of such changes shall not be affected by such notice or the lack thereof. Unless otherwise expressly provided for herein, there is no limit on the amount the Variable Note Rate or the payments on this Borrower Note A-3 may increase or decrease on any single
Interest Change Date, or in the aggregate throughout the term of this Borrower Note A-3; provided, however, that in no event shall the Variable Note Rate exceed the Maximum Rate.

b. Commencing on the first day of the month following the Disbursement Date through the Outside Conversion Date, as such Outside Conversion Date may be extended pursuant to Sections 2.5 and 2.6 of the Borrower Loan Agreement, Debtor shall pay monthly installments of interest accrued on the Principal Amount outstanding from time to time at the Variable Note Rate. A payment will be treated as made on the date it is received; provided, however, that if the due date for such payment is not a Business Day and payment is received on the next Business Day, payment will be treated as made on the date payment was due. Interest for the period from the Disbursement Date through (but excluding) the first day of the calendar month following such date shall also be computed at the Variable Note Rate, calculated on the full amount advanced under this Borrower Note A-3.

c. Commencing on the first day of the calendar month following the Outside Conversion Date and continuing on the first day of each month thereafter until the Maturity Date, Debtor shall pay to Bank monthly installments of (i) principal as set forth on Schedule “1”, which schedule shall be prepared by Bank on or about the Conversion Date, based on the Borrower paying principal and interest together in equal monthly installments in an amount necessary to amortize the Principal Amount owing on the Conversion Date over a period of four hundred twenty (420) months at an interest rate equal to the fixed rate of the Hedge applicable to this Borrower Note A-3 (inclusive of the Margin) plus (ii) accrued interest at the Variable Note Rate. Each payment will be applied first to accrued but unpaid interest, and then to principal. A payment will be treated as made on the date it is received. On the Maturity Date, all principal and accrued interest then outstanding shall be immediately due and payable. Bank shall provide Debtor with a copy of Schedule “1” once it is prepared by Bank, but the effectiveness and date of such payment shall not be affected by such notice or lack thereof. Bank’s determination of required interest and principal payments hereunder shall be conclusive absent manifest error.

d. Subject to the provisions set forth in Exhibit A attached hereto and incorporated herein by reference, if any interest rate defined in this Borrower Note A-3 ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate (the “Replacement Rate”). Subject to the provisions set forth in Exhibit A, notwithstanding anything contained in this Borrower Note A-3, if Bank determines that with respect to the LIBOR Rate, relevant deposits are not being offered to banks in the London Interbank Eurodollar market for the relevant amounts and relevant maturities for the Borrower Loan; adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or the LIBOR Rate does not adequately and fairly reflect the cost to Bank of funding the Borrower Loan, then Bank shall give Borrower notice thereof, and Bank shall be under no obligation to maintain the Borrower Loan as a LIBOR Rate based loan, and during such period the Borrower Loan shall continue bearing interest at the Replacement Rate (plus any applicable margin or spread as set forth in this Borrower Note A-3) and payable at the end of each calendar month or as otherwise may be agreed by Bank and Borrower.

e. Debtor shall pay all amounts due under this Borrower Note A-3 in lawful money of the United States to Bank at its office at 145 S. State College Blvd., Suite 600, Brea, California 92821 or such other office as may be designated by Bank from time to time. Whenever any payment required hereunder shall fall due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

2. LATE PAYMENTS. If Bank, on behalf of Governmental Lender, has not received the full amount of any payment by the end of ten (10) calendar days after the date it is due (other than payment on the Maturity Date), Debtor will pay a late charge in the amount of six percent (6%) of the overdue payment, such late charge to be immediately due and payable without notice or demand. Debtor will pay this late charge only once on any late payment. Debtor agrees that Governmental Lender and/or Bank will incur administrative costs and other damages not compensated by payment of interest as a result of any payment
not being made when due and acknowledges that calculation of actual damages is extremely difficult and impracticable and that the foregoing amount is a reasonable estimate of these damages.

3. **INTEREST RATE FOLLOWING DEFAULT.** In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding Principal Amount under this Borrower Note A-3 at a per annum rate equal to five percent (5%) in excess of the Variable Note Rate, calculated from the date of default until all amounts payable under this Borrower Note A-3 are paid in full, not exceeding the Maximum Rate. To the extent the Default Rate exceeds the Maximum Rate, the following provisions shall apply:

a. At all times after the occurrence and during the continuance of an Event of Default, Borrower shall pay the Bank the Default Premium on all principal outstanding on this Borrower Note A-3, such Default Premium to be compounded annually.

b. In the event Borrower fails to reimburse Bank for any amount advanced under the Deed of Trust within ten (10) days after written notice of such advance is made by Bank to Borrower, then Borrower shall pay to Bank the Default Premium on such unreimbursed amount until paid, such Default Premium to be compounded annually.

c. In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

4. **PREPAYMENT.**

a. Debtor may prepay amounts outstanding under this Borrower Note A-3 in whole or in part provided Debtor has given Bank not less than five (5) Business Days prior written notice of Debtor's intention to make such prepayment and pays the prepayment fee due as a result. The prepayment fee shall also be paid if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal prior to its scheduled payment date.

b. The prepayment fee shall be an amount equal to the present value of the product of (i) the difference (but not less than zero) between (x) the interest rate applicable to the Principal Amount which is being prepaid, and (y) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the sooner of the next Interest Change Date or the Maturity Date, and such securities were held by Bank until such date (“Yield Rate”), (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the sooner of the next Interest Change Date or the Maturity Date and the denominator of which is 360, and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of this Borrower Note A-3, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of this Borrower Note A-3 to be outstanding at the sooner of the next Interest Change Date or the Maturity Date). Present value under this Borrower Note A-3 is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

c. Notwithstanding the foregoing, no prepayment fee shall be payable in connection with a prepayment in full hereunder during the one hundred eighty (180) day period immediately preceding the Outside Conversion Date (if the prepayment occurs prior to the Outside Conversion Date) or the Maturity Date (if the prepayment occurs after the Outside Conversion Date).

d. In no event shall Bank be obligated to make any payment or refund to Debtor, nor shall Debtor be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no
prepayment had occurred. All prepayments shall include payment of accrued interest on the Principal Amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive. In the event of partial prepayment, such prepayment shall be applied to principal payments in the inverse order of their maturity.

e. Bank shall provide Debtor a statement of the amount payable on account of prepayment. Debtor acknowledges that (i) Bank establishes an interest rate upon the understanding that it applies for the entire Interest Period, and (ii) Bank would not lend to Debtor without Debtor's express agreement to pay Bank the prepayment fee described above.

f. DEBTOR HEREBY ACKNOWLEDGES AND AGREES THAT GOVERNMENTAL LENDER WOULD NOT LEND TO DEBTOR THE BORROWER LOAN EVIDENCED BY THIS BORROWER NOTE A-3 WITHOUT DEBTOR'S AGREEMENT TO PAY BANK A PREPAYMENT FEE AS SET FORTH ABOVE. DEBTOR EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE BORROWER LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOFE SET FORTH. DEBTOR ACKNOWLEDGES THAT PREPAYMENT OF THE BORROWER LOAN MAY RESULT IN GOVERNMENTAL LENDER AND BANK INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. DEBTOR THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN PROVIDED FOR REPRESENTS A REASONABLE ESTIMATE OF THE PREPAYMENT COSTS, EXPENSES OR LIABILITIES GOVERNMENTAL LENDER AND BANK MAY INCUR ON A PREPAYMENT. DEBTOR AGREES THAT GOVERNMENTAL LENDER’S WILLINGNESS TO OFFER THE INTEREST RATE DESCRIBED ABOVE TO DEBTOR IS SUFFICIENT AND INDEPENDENT CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY GOVERNMENTAL LENDER AND BANK FOR THIS WAIVER. DEBTOR UNDERSTANDS THAT GOVERNMENTAL LENDER WOULD NOT OFFER SUCH AN INTEREST RATE TO DEBTOR ABSENT THIS WAIVER. DEBTOR HAS CAUSED THOSE PERSONS SIGNING THIS AGREEMENT ON ITS BEHALF TO SEPARATELY INITIAL THIS PARAGRAPH BY PLACING THEIR INITIALS BELOW:

DEBTOR INITIALS HERE: ________     ________

g. If Debtor has entered into a Hedge, Debtor acknowledges and agrees that (i) Bank (or its affiliate) has the right, but not the obligation, under the Hedge Documents governing such Hedge, to compel an early termination, in full or in part, of such Hedge as a result of any unscheduled prepayment under this Borrower Note A-3, (ii) any such early termination may result in payment obligations (which may be substantial in amount) being owed by Debtor to Bank (or any affiliate of Bank) as early termination, close-out or settlement amounts, which amounts shall be determined in accordance with the Hedge Documents governing such Hedge and shall be in addition to any prepayment fee and other charges specified herein, and (iii) if such full or partial early termination of the Hedge results in an amount owing by Bank or its affiliate to Debtor, then Bank may in its discretion apply such amount to prepayment of principal hereunder, together with accrued interest on such principal and any resulting prepayment fee. Debtor further acknowledges and agrees that neither Bank nor any of its affiliates is under any obligation to enter into Hedges with Debtor and that such Hedges will be governed by documentation separate from this Borrower Note A-3.

5. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Default shall include, but not be limited to, any of the following: (a) the failure of Debtor to make any payment required under this Borrower Note A-3 when due, subject to applicable notice and cure periods; (b) any breach, misrepresentation or other default by Debtor, any guarantor, co-maker, endorser, or any person or entity other than Debtor providing security for this Borrower Note A-3 (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor with respect to the Borrower Loan (as defined in the Borrower Loan Agreement) and the expiration of any applicable notice and cure period expressly contained herein or therein (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice); provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have
been committed hereunder if Obligor commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion; provided, that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief, and, in the case of an involuntary proceeding, such proceeding is not dismissed within sixty (60) days of commencement; (e) the assignment by any Obligor for the benefit of such Obligor's creditors; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with the Borrower Loan; (j) the failure of any Obligor to comply with any order, judgement, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes which is not removed or dismissed within fifteen (15) days; (l) the default, subject to applicable notice, cure and grace periods, by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money with respect to the Borrower Loan; (m) a default occurs under any instrument encumbering or affecting all or any portion of the Property subject to the Deed of Trust securing this Borrower Note A-3 and after expiration of any applicable cure period provided therein; (n) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien in any case, which is not dismissed within fifteen (15) days; provided, however, that any such writ of attachment, execution or other judicial lien issued against any guarantor shall have a material adverse effect on the financial condition of such guarantor in the Bank's good faith determination; or; or (o) the material deterioration of the financial condition of any Obligor which results in (i) Bank deeming itself, in good faith, insecure, and (ii) a material adverse effect on the ability of such Obligor to perform its obligation with respect to the Borrower Loan. Upon the occurrence of any such default, Governmental Lender and Bank, in Bank's discretion, may cease to advance funds hereunder and may declare all obligations under this Borrower Note A-3 immediately due and payable; however, upon the occurrence of an Event of Default under d, e, f, or g, all principal and interest shall automatically become immediately due and payable.

6. **ADDITIONAL AGREEMENTS OF DEBTOR.** If any amounts owing under this Borrower Note A-3 are not paid when due, Debtor promises to pay all costs and expenses, including reasonable attorneys' fees (including the allocated costs of any in-house counsel and legal staff) incurred by the holder hereof in the negotiation, documentation and modification of this Borrower Note A-3 and all related documents and in the collection or enforcement of any amount outstanding hereunder. Debtor and any Obligor, for the maximum period of time and to the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Borrower Note A-3. If this Borrower Note A-3 is signed by more than one party, the term "Debtor" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. Any married person who signs this Borrower Note A-3 agrees that recourse may be had against the separate property of that person for any obligations hereunder. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Borrower Note A-3 shall accrue during the period the funds are deemed collected. In any action brought under or arising out of this Borrower Note A-3, Debtor and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in the Borrower Loan Agreement, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Borrower Note A-3. This Borrower Note A-3 shall be construed in accordance with and governed by the laws of the State of California. This Borrower Note A-3 hereby incorporates any alternative dispute resolution provision contained in the Borrower Loan Agreement.
The Deed of Trust permits Bank to declare all obligations hereunder immediately due and payable upon the occurrence of certain events described therein.

7. NON-RECOURSE DURING PERMANENT LOAN TERM. From and after the Conversion Date, Bank agrees that Bank's recovery against Debtor in the event of a default under this Borrower Note A-3, the Deed of Trust or under any other Borrower Loan Document shall be limited solely to, and Governmental Lender and Bank shall only proceed against, the Trust Estate (as defined in the Deed of Trust), together with the rents, issues, profits and income therefrom and proceeds and products thereof, and any other collateral given as security for Debtor's performance under the Borrower Loan Documents, and in no event shall (i) Debtor be personally liable for the payment of this Borrower Note A-3 or for the payment of any deficiency established upon foreclosure and sale of the Trust Estate, or (ii) any other assets of Debtor or any general partner of Debtor be subject to levy, execution or other enforcement procedure in connection with any such default. Notwithstanding the foregoing, Debtor and each general partner of Debtor shall be fully and personally liable to Governmental Lender and Bank for the costs or damages arising from any of the following:

a. fraud, willful misrepresentation or waste by any Obligor, to the full extent of Governmental Lender’s or Bank's loss attributable thereto;

b. any inaccuracy in or breach of any representation or warranty pertaining to any Hazardous Substance (as defined in the ECA), any failure in the due, prompt and complete observance and performance of any covenant or other obligation imposed under or pursuant to the ECA, or the presence of any Hazardous Substance on, under or about the Trust Estate, whenever arising;

c. failure to pay taxes, assessments or other charges which can create liens on any portion of the Trust Estate (to the full extent of any such taxes, assessments or other charges);

d. any loss which would have been covered by insurance required to be maintained under the terms of any of the Borrower Loan Documents, which Debtor failed to maintain;

e. failure to deliver to Bank any funds which should have been paid under the terms of the Borrower Loan Documents (other than the failure of Debtor to pay scheduled installments of principal and/or interest with respect to the Borrower Loan) or the distribution of earnings or income from the Trust Estate in violation of the Borrower Loan Documents; or

f. any loss resulting from any claim or cause of action by a contractor, material supplier or other person or entity entitled to file a mechanic's lien against the Trust Estate.

In addition, Debtor and each general partner of Debtor shall be fully and personally liable to Governmental Lender and Bank for the full amount of the loan evidenced hereby and all other obligations evidenced by the Borrower Loan Documents in the event (i) all or any part of the Trust Estate, other assets of Debtor, or any ownership interest in Debtor is transferred in violation of the Borrower Loan Documents, (ii) any voluntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment, or debtor relief is commenced by or against Debtor, (iii) any involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief is commenced against Debtor by any party other than Bank and either (A) Debtor or any affiliate of Debtor conspired or cooperated with, or solicited, one or more creditors of Debtor to commence such involuntary proceeding, or (B) Debtor fails to use commercially reasonable efforts to obtain a dismissal of such involuntary proceeding; or (iv) Debtor or any other party now or hereafter liable for any part of the Borrower Loan shall contest or direct in writing any other person to contest the validity or enforceability of the Borrower Loan Documents, and/or shall assert any defense or take any other action for the primary purpose of delaying, hindering or interfering with Governmental Lender’s or Bank’s remedies under the Borrower Loan Documents.

The provisions hereof shall not be deemed to constitute a waiver of any obligation of Debtor or any other party or limitation of any kind of any right of Governmental Lender and Bank at law or equity or under any
guaranty or other Borrower Loan Documents, provided that the assertion by Governmental Lender and Bank of any such right shall not result in a monetary claim upon the general unsecured assets of Debtor or any general partner of Debtor except as provided herein.

8. **DEFINITIONS.** As used herein, the following terms shall have the meanings respectively set forth below:

   a. “**Business Day**” means (i) except as otherwise provided in clause (ii) below, a day, which is not a Saturday or Sunday, on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of "LIBOR Rate", a day which is both a New York Banking Day and a London Banking Day.

   b. "**Interest Change Date**" means the first day of the first calendar month following the Disbursement Date and the first day of each calendar month thereafter.

   c. "**Interest Period**" means the period of time from one Interest Change Date to the next or to the Maturity Date, as the case may be.

   d. "**LIBOR Rate**" means, for any specified Interest Period, a per annum rate of interest equal to the greater of (a) 0.00% and (b) the rate for deposits in US Dollars for a period equal to the Interest Period which appears on the Reuters Screen LIBOR 01 Page as of 11:00 a.m., London time, on the day that is two (2) Business Days preceding the first day of such Interest Period.

   e. "**London Banking Day**" means a day on which dealings in U.S. Dollar deposits in London, England, may be carried on by Bank.

   f. "**New York Banking Day**" means a day which is not a Saturday or Sunday on which banks in New York City, New York are open for business for the funding of corporate loans.

   [Signature Page Follows]
DEBTOR:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: ___________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

By: ___________________________
    Tina Smith-Booth, President

[Signatures Continued on Next Page]
PAY TO THE ORDER OF MUFG UNION BANK, N.A., without recourse.

GOVERNMENTAL LENDER:

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

By: ___________________________
Name: ___________________________
Title: ___________________________
**Exhibit A**

**BENCHMARK REPLACEMENT SETTING**

The following provisions of this Exhibit A (this “Exhibit”) shall be effective notwithstanding anything to the contrary in the note to which this Exhibit is attached (the “Note”) or in any other loan document related to the Note (and any Hedge Document shall be deemed not to be a document related to the Note for purposes of this Exhibit).

(a) **BENCHMARK REPLACEMENT.** If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any loan document in respect of such Benchmark setting and subsequent Benchmark settings. Any replacement of a Benchmark related to the Note with a Benchmark Replacement pursuant to this Exhibit shall be effective without any amendment to, or further action or consent of any other party to, the Note or any other loan document related to the Note. Bank will have the right to make any changes (“Benchmark Replacement Conforming Changes”) to the Note that Bank decides may be appropriate to reflect the adoption and implementation of any such Benchmark Replacement and to permit the administration thereof by Bank from time to time and any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of Debtor.

(b) **STANDARDS.** Any determination, decision or election that may be made by Bank pursuant to this Exhibit, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in Bank’s sole discretion and without consent from Debtor. Bank does not warrant or accept responsibility for, and shall not have any liability to Debtor under the Note or otherwise for, any loss, damage or claim arising from or relating to (i) any matter related to the Benchmark, any component definition thereof or rates referred to in the definition thereof or any alternative, comparable or successor rate thereto (including any then-current Benchmark or any Benchmark Replacement), including whether any such alternative, comparable or successor rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the then-current Benchmark, (ii) the effect or implementation of any Benchmark Replacement Conforming Changes or (iii) any mismatch between the Benchmark or the Benchmark Replacement and any of Debtor’s other financing instruments (including those that are intended as hedges).

(c) **CERTAIN DEFINED TERMS.** As used in this Exhibit:

“**Benchmark**” means, initially, USD LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the Benchmark Replacement that has replaced such prior benchmark rate.

“**Benchmark Replacement**” means the first alternative set forth in the following order that can be determined by Bank for the applicable Benchmark Replacement Date: (1) the sum of (A) Daily Simple SOFR and (B) the related Benchmark Replacement Adjustment or (2) the sum of (A) the alternate benchmark rate that has been selected by Bank as the replacement for the then-current Benchmark for the Corresponding Tenor and (B) the related Benchmark Replacement Adjustment. If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the benchmark rate floor, if any, provided in the Note initially (as of the execution of the Note, the modification, amendment or renewal of the Note or otherwise) with respect to USD LIBOR (the “Floor”), the Benchmark Replacement will be deemed to be such Floor for the purposes of the Note and the other loan documents related to the Note.

“**Benchmark Replacement Adjustment**” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable interest period for any
setting of such Unadjusted Benchmark Replacement, (1) for purposes of clause (1) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such interest period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement and (2) for purposes of clause (2) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark: (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof); or (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein. For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means, with respect to the then-current Benchmark, a public statement or publication of information: (a) by or on behalf of the administrator of such Benchmark announcing that such administrator has ceased or will cease to provide such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, (b) by the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark, or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, which states that the administrator of such Benchmark has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark, or (c) by the regulatory supervisor for the administrator of such Benchmark announcing that such Benchmark is no longer representative.

“Corresponding Tenor” with respect to the then-current Benchmark means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as (x) if such Benchmark is a term rate, the tenor for such Benchmark or (y) otherwise, the payment period for interest calculated with reference to such Benchmark, as applicable.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for bilateral business loans; provided, that if Bank decides that any such convention is not administratively feasible for Bank, then Bank may establish another convention.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two Business Days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by Bank.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.
“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published on the immediately succeeding Business Day by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on its website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by such administrator from time to time.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means the tenor of London interbank offered rate for U.S. dollars that is or may be used for determining the length of an interest period pursuant to the Note.
SCHEDULE “1”

PRINCIPAL PAYMENT SCHEDULE

[To Be Inserted on the Conversion Date]
2002 MASTER AGREEMENT

dated as of February 25, 2021

MUFG Union Bank, N.A. and Rose Hill Courts I Housing Partners, L.P.
(“Party A”) and (”Party B”)

have entered and/or anticipate entering into one or more transactions (each a “Transaction”) that are or will be
governed by this 2002 Master Agreement, which includes the schedule (the “Schedule”), and the documents and other
confirming evidence (each a “Confirmation”) exchanged between the parties or otherwise effective for the purpose of
confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to
as this “Master Agreement”.

Accordingly, the parties agree as follows:—

1. Interpretation

(a) Definitions. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings
therein specified for the purpose of this Master Agreement.

(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other
provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the
provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the
relevant Transaction.

(c) Single Agreement. All Transactions are entered into in reliance on the fact that this Master Agreement and
all Confirmations form a single agreement between the parties (collectively referred to as this “Agreement”), and the
parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it,
subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of
the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely
transferable funds and in the manner customary for payments in the required currency. Where settlement is
by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the
manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or
elsewhere in this Agreement.
(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is Continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting of Payments.** If on any date amounts would otherwise be payable:—

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party’s obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that “Multiple Transaction Payment Netting” applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party (“X”) will:—

(1) promptly notify the other party (“Y”) of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) Liability. If:—

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any “Additional Representation” is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) Basic Representations.

(i) Status. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(ii) Powers. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution, delivery and performance;
(iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors’ rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) **No Agency.** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. **Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:—

   (i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation,

   (ii) any other documents specified in the Schedule or any Confirmation; and
in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b)  **Maintain Authorizations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c)  **Comply With Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d)  **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e)  **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organized, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located (“Stamp Tax Jurisdiction”), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party’s execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5.  **Events of Default and Termination Events**

(a)  **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an “Event of Default”) with respect to such party:—

   (i)  **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organized, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located (“Stamp Tax Jurisdiction”), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party’s execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

   (ii)  **Breach of Agreement; Repudiation of Agreement.**

      (1)  Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organized, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located (“Stamp Tax Jurisdiction”), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party’s execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

      (2)  the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any
Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) Credit Support Default.

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) Misrepresentation. A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) Default Under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);
(vi)
Cross-Default. If “Cross-Default” is specified in the Schedule as applying to the party, the
occurrence or existence of:—
(1)
a default, event of default or other similar condition or event (however described) in respect
of such party, any Credit Support Provider of such party or any applicable Specified Entity of such
party under one or more agreements or instruments relating to Specified Indebtedness of any of them
(individually or collectively) where the aggregate principal amount of such agreements or
instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not
less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such
Specified Indebtedness becoming, or becoming capable at such time of being declared, due and
payable under such agreements or instruments before it would otherwise have been due and payable;
or
(2)
a default by such party, such Credit Support Provider or such Specified Entity (individually
or collectively) in making one or more payments under such agreements or instruments on the due
date for payment (after giving effect to any applicable notice requirement or grace period) in an
aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of
not less than the applicable Threshold Amount;
(vii)
Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified
Entity of such party:—
(1)
is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes
insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its
debts as they become due; (3) makes a general assignment, arrangement or composition with or for
the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or
any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the
jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a
proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy
or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its
winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted
against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any
bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented
for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person
or entity not described in clause (A) above and either (I) results in a judgment of insolvency or
bankruptcy or the entry of an order for relief or the making of an order for its winding-up or
liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the
institution or presentation thereof; (5) has a resolution passed for its winding-up, official management
or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes
subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee,
custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party
take possession of all or substantially all its assets or has a distress, execution, attachment,
sequestration or other legal process levied, enforced or sued on or against all or substantially all its
assets and such secured party maintains possession, or any such process is not dismissed, discharged,
stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with
respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the
events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or
indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

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(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganizes, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganization, reincorporation or reconstitution:

1. the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

2. the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:

(i) **Illegality.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):

1. for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

2. for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) **Force Majeure Event.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:

1. the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or
impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) **Tax Event.** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) **Tax Event Upon Merger.** The party (the “Burdened Party”) on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganizing, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) **Credit Event Upon Merger.** If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, “X”) and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A “Designated Event” with respect to X means that:—

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the
date of this Master Agreement) to, or reorganizes, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) **Additional Termination Event.** If any “Additional Termination Event” is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Hierarchy of Events.**

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5(a)(ii)(l) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) **Deferral of Payments and Deliveries During Waiting Period.** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:—

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) **Inability of Head or Home Office to Perform Obligations of Branch.** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party’s head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or
6. Early Termination; Close-Out Netting

(a) Right to Terminate Following Event of Default. If at any time an Event of Default with respect to a party (the “Defaulting Party”) has occurred and is then continuing, the other party (the “Non-defaulting Party”) may, by no more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, “Automatic Early Termination” is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) Notice. If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) Transfer to Avoid Termination Event. If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(ii), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party’s policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) Two Affected Parties. If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.
(iv) **Right to Terminate.**

(1) If:—

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:—

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) **Effect of Designation.**

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).
Calculations; Payment Date.

(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) Payment Date. An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

Payments on Early Termination. If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the “Early Termination Amount”) will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) Events of Default. If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) Termination Events. If the Early Termination Date results from a Termination Event:—

(1) One Affected Party. Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) Two Affected Parties. Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party ‘T’) and the lower amount so determined (by party “Y”) and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.
(3) Mid-Market Events. If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party’s Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) Adjustment for Bankruptcy. In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) Adjustment for Illegality or Force Majeure Event. The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) Pre-Estimate. The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) Set-Off. Any Early Termination Amount payable to one party (the “Payee”) by the other party (the “Payer”), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be (“X”) (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts (“Other Amounts”) payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.
If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) Payment in the Contractual Currency. Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the “Contractual Currency”). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) Judgments. To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using
commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) **Separate Indemnities.** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) **Evidence of Loss.** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. **Miscellaneous**

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) **Amendments.** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

   (i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

   (ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.
Interest and Compensation.

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:—

(1) Interest on Defaulted Payments. If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) Compensation for Defaulted Deliveries. If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) Interest on Deferred Payments. If:—

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5(d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event
continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) **Compensation for Deferred Deliveries.** If:—

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) **Early Termination.** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:—

(1) **Unpaid Amounts.** For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) **Interest on Early Termination Amounts.** If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) **Interest Calculation.** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.
10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organization, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:—

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient’s answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender’s facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or
(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) Change of Details. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) Jurisdiction. With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement (“Proceedings”), each party irrevocably:—

(i) submits:—

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) Service of Process. Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party’s Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) Waiver of Immunities. Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.
14. Definitions

As used in this Agreement:—

“Additional Representation” has the meaning specified in Section 3.

“Additional Termination Event” has the meaning specified in Section 5(b).

“Affected Party” has the meaning specified in Section 5(b).

“Affected Transactions” means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

“Affiliate” means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“Agreement” has the meaning specified in Section 1(c).

“Applicable Close-out Rate” means:—

(a) in respect of the determination of an Unpaid Amount:—

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:—

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:—

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and
for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:—

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

“Applicable Deferral Rate” means:—

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

“Automatic Early Termination” has the meaning specified in Section 6(a).

“Burdened Party” has the meaning specified in Section 5(b)(iv).

“Change in Tax Law” means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

“Close-out Amount” means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realized under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in
Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information:—

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party’s Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilized. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:—

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and
(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

“Confirmation” has the meaning specified in the preamble.

“consent” includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

“Contractual Currency” has the meaning specified in Section 8(a).

“Convention Court” means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

“Credit Event Upon Merger” has the meaning specified in Section 5(b).

“Credit Support Document” means any agreement or instrument that is specified as such in this Agreement.

“Credit Support Provider” has the meaning specified in the Schedule.

“Cross-Default” means the event specified in Section 5(a)(vi).

“Default Rate” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

“Defaulting Party” has the meaning specified in Section 6(a).

“Designated Event” has the meaning specified in Section 5(b)(v).

“Determining Party” means the party determining a Close-out Amount.

“Early Termination Amount” has the meaning specified in Section 6(e).

“Early Termination Date” means the date determined in accordance with Section 6(a) or 6(b)(iv).

“electronic messages” does not include e-mails but does include documents expressed in markup languages, and “electronic messaging system” will be construed accordingly.

“English law” means the law of England and Wales, and “English” will be construed accordingly.

“Event of Default” has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

“Force Majeure Event” has the meaning specified in Section 5(b).

“General Business Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

“Illegality” has the meaning specified in Section 5(b).
“Indemnifiable Tax” means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organized, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

“law” includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and “unlawful” will be construed accordingly.

“Local Business Day” means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial center, if any, of the currency of such payment and, if that currency does not have a single recognized principal financial center, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 5(a), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

“Local Delivery Day” means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

“Master Agreement” has the meaning specified in the preamble.

“Merger Without Assumption” means the event specified in Section 5(a)(viii).

“Multiple Transaction Payment Netting” has the meaning specified in Section 2(c).

Non-affected Party” means, so long as there is only one Affected Party, the other party.

“Non-default Rate” means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

“Non-defaulting Party” has the meaning specified in Section 6(a).

“Office” means a branch or office of a party, which may be such party’s head or home office.

“Other Amounts” has the meaning specified in Section 6(f).
“Payee” has the meaning specified in Section 6(f).

“Payer” has the meaning specified in Section 6(f).

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Proceedings” has the meaning specified in Section 13(b).

“Process Agent” has the meaning specified in the Schedule.

“rate of exchange” includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

“Relevant Jurisdiction” means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organized, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

“Schedule” has the meaning specified in the preamble.

“Scheduled Settlement Date” means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

“Specified Entity” has the meaning specified in the Schedule.

“Specified Indebtedness” means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

“Specified Transaction” means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

“Stamp Tax” means any stamp, registration, documentation or similar tax.

“Stamp Tax Jurisdiction” has the meaning specified in Section 4(e).
“Tax” means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

“Tax Event” has the meaning specified in Section 5(b).

“Tax Event Upon Merger” has the meaning specified in Section 5(b).

“Terminated Transactions” means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

“Termination Currency” means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

“Termination Currency Equivalent” means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the “Other Currency”), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

“Termination Event” means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

“Termination Rate” means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

“Threshold Amount” means the amount, if any, specified as such in the Schedule.

“Transaction” has the meaning specified in the preamble.

“Unpaid Amounts” owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5(d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other
compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

“Waiting Period” means:—

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

(“Party A”)
MUFG Union Bank, N.A.

By: ________________________________
Name:
Title:
Date:

(“Party B”)
ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co.,
LLC,
a California limited liability company,
its Administrative General Partner

By: ________________________________
Frank Cardone, President
By: LOMOD RHC I, LLC, a California limited liability company,
its Managing General Partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its sole member and manager

By: _________________________
    Tina Smith-Booth, President
Part 1
Termination Provisions

(a) "Specified Entity" means in relation to Party A for the purpose of:

Section 5(a)(v): None.
Section 5(a)(vi): None.
Section 5(a)(vii): None.
Section 5(b)(v): None.

and in relation to Party B for the purpose of:

Section 5(a)(v): Any Affiliate
Section 5(a)(vi): Any Affiliate
Section 5(a)(vii): Any Affiliate
Section 5(b)(v): Any Affiliate

(b) “Specified Transaction” will have the meaning specified in Section 14 of this Agreement.

(c) The “Cross Default” provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B; provided that Section 5(a)(vi) is hereby amended by adding the following at the end thereof:

; provided, that notwithstanding the foregoing, an Event of Default will not occur under either (1) or (2) above, if (a) the default, or similar event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay or deliver caused by an error or omission of an administrative or operational nature, (b) funds were available to such party to enable it to make the relevant payment
or delivery when due and (c) such relevant payment or delivery is made within two (2) Local Business Days following receipt of notice from an interested party of such failure to pay.

“Specified Indebtedness” has the meaning set forth in Section 14 and shall also include in respect of Party B (i) all reimbursement obligations in respect of letters of credit and bankers’ acceptances, (ii) all capital and synthetic lease obligations, and (iii) all obligations arising under any transaction of the type listed in clause (a)(i) or (a)(ii) of the definition of “Specified Transaction”, but entered into between such person and any counterparty other than Party A. Notwithstanding the foregoing, in respect of Party A such term shall not include deposits received in the normal course of business.

“Threshold Amount” means (i) with respect to Party A, 3% of Shareholders’ Equity of Party A, and (ii) with respect to Party B, any Credit Support Provider of Party B and any Specified Entity of Party B, $0 (zero).

“Shareholders' Equity” means with respect to Party A, at any time, the sum (as shown in the most recent annual audited financial statements of Party A) of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with GAAP.

(d) “Credit Event Upon Merger” will apply to Party A and Party B, provided, as to Party A, the definition of “Designated Event” set forth in the “Credit Event Upon Merger” provisions of Section 5(b)(v) of the Agreement is amended to read as follows:

A “Designated Event” with respect to X means that X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the date of this Agreement) to, or reorganizes, reincorporates or reconstitutes into or as, another entity; or

(e) The “Automatic Early Termination” provision of Section 6(a) will not apply to Party A and will not apply to Party B

(f) “Termination Currency” means United States Dollars.

(g) Additional Termination Event. The following Additional Termination Events shall apply, in respect of which Party B shall be the sole Affected Party and (except as otherwise expressly set forth below) all Transactions shall be Affected Transactions:

(i) Credit Document Events.

(1) The Credit Agreement is terminated, ceases to be in full force and effect, or is not binding, or is unlawful or unenforceable in any material respect, or Party B or any of its Affiliates shall assert any of the foregoing; or

(2) The loans or advances under the Credit Agreement are repaid in full, with any commitment of Party A to make further loans or advances thereunder being canceled or reduced to zero; or

(3) In connection with an interest rate swap, cap, collar or other Transaction intended to mitigate interest rate risk relating to loans arising under the Credit Agreement (such Transaction, a “Specified Swap”), the principal amount outstanding, or, in the case of a revolving loan or line of credit, the maximum revolving facility or commitment amount,
under the relevant Credit Agreement shall, at any given time, be reduced to an amount less than the Notional Amount (as defined and specified in the Confirmation for such Specified Swap); provided, however, that (A) an Additional Termination Event of the type described in this clause (3) shall only permit Party A to terminate the Specified Swap to the extent necessary to reduce such then scheduled Notional Amount to an amount equal to the principal amount, or maximum revolving facility or commitment amount, in the case of a revolving loan or line of credit, which then remains outstanding or in effect under such Credit Agreement, after giving effect to such payment or facility or commitment reduction, and (B) the relevant Specified Swap shall be the only Affected Transaction.

(ii) Confirmation ATE’s. The occurrence of any event designated in a Confirmation as an “Additional Termination Event”, as to which (unless otherwise specified in such Confirmation) the Transaction relating to such Confirmation shall be the sole Affected Transaction.

**Part 2**

**Tax Representations**

(a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) **Payee Representations.**

(i) For the purpose of Section 3(f) of this Agreement, Party A makes the following representation:

It is a national banking association under the laws of the United States and a “U.S. person” (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations (as amended, the “Regulations”)) for purposes of the U.S. Internal Revenue Code of 1986 (as amended, “Code”).

(ii) For the purpose of Section 3(f) of the Agreement, Party B makes the following representation:

It is a “U.S. person” (as that term is used in section 1.1441-4(a)(3)(ii) of the Regulations) for purposes of the Code.

(c) **FATCA.** Withholding Tax imposed on payments to non-US counterparties under the United States
Foreign Account Tax Compliance Act. “Tax” as used in Part 2(a) of this Schedule (Payer Tax Representation) and “Indemnifiable Tax” as defined in Section 14 of this Agreement shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of this Agreement.

**Part 3**

**Agreement to Deliver Documents**

For the purpose of Sections 4(a)(i) and 4(a)(ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are:

<table>
<thead>
<tr>
<th>Party required to deliver document</th>
<th>Form/Document/Certificate</th>
<th>Date by which to be delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party A</td>
<td>An executed United States IRS Form W-9 (or any successor thereto).</td>
<td>(i) Upon execution and delivery of this Agreement, (ii) promptly upon reasonable demand by the other party, and (iii) promptly upon learning that any form previously provided to the other party has become obsolete, incorrect, or ineffective.</td>
</tr>
<tr>
<td>Party B</td>
<td>An executed United States IRS Form W9, W-8BEN, United States IRS Form W -8BEN-E, and/or an IRS Form W-8ECI (or any successor thereto), as applicable.</td>
<td>(i) Upon execution and delivery of this Agreement, (ii) promptly upon reasonable demand by the other party, and (iii) promptly upon learning that any form previously provided to the other party has become obsolete, incorrect, or ineffective.</td>
</tr>
<tr>
<td>Party A and Party B</td>
<td>Any form or document that may be required or reasonably requested in order to allow the other party to make a payment under this Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate, completed accurately and in a manner reasonably satisfactory to the other party.</td>
<td>Promptly upon the earlier of (i) reasonable demand by the other party, and (ii) learning that the form or document is required.</td>
</tr>
</tbody>
</table>
(b) Other documents to be delivered are:

<table>
<thead>
<tr>
<th>Party Required to Deliver</th>
<th>Form / Document / Certificate</th>
<th>Date by which Document shall be Delivered</th>
<th>Covered by</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party A and Party B</td>
<td>Certified evidence of the authority, incumbency and specimen signature of each authorized person executing any document on its behalf or on behalf of its Credit Support Provider (if any) in connection with this Agreement and any Credit Support Document upon execution of each document by any such person including, (A) in the case of a corporation or bank, board resolutions and certificate of incumbency certified by the secretary or an assistant secretary of such party, (B) in the case of a general or limited partnership, a certified copy of the partnership agreement and certificate of partner incumbency, (C) in the case of a limited liability company, certificates of members or managing members, (D) in the case of personal or family trusts, a trust certificate in the form provided by Party A, and (E) in all other cases, and in the case of foreign (non-U.S.) entities, such documents and instruments (including powers of attorney) as the receiving party may reasonably request in order to evidence the due authorization and capacity of the relevant signer and entity.</td>
<td>On or before execution of this Agreement and any Credit Support Document.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Party A and Party B</td>
<td>A copy of the most recent annual audited consolidated financial statements for itself or its Credit Support Provider, as applicable, prepared in</td>
<td>Promptly upon availability, provided that as to Party A, such delivery shall be deemed to have occurred upon the</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Party Required to Deliver</td>
<td>Form / Document / Certificate</td>
<td>Date by which Document shall be Delivered</td>
<td>Covered by Section 3(d) Representation</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
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<td></td>
<td>accordance with accounting principles that are generally accepted for institutions of its type in the jurisdiction of its organization and certified by independent public accountants.</td>
<td>publication on its website of its annual SEC 10K report.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Party B | A copy of the most recent unaudited quarterly consolidated financial statements for itself or its Credit Support Provider, as applicable, prepared in accordance with GAAP, consistently applied. | Upon request | Yes |

| Party B | The Credit Support Documents referred to in Part 4(f) in form and substance satisfactory to Party A. | Upon execution of this Agreement. | Yes. |

| Party B | Such other documents, instruments and agreements, if any, as are specified in the relevant Confirmation, each in such manner and at such time or times as may be specified therein. | Upon request | Yes |

**Part 4**

**Miscellaneous**

(a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

(i) Address for notices or communications to Party A:

With respect to Transaction, to the address specified in the relevant Confirmation. With respect to any notice for purposes of Section 5 or Section 6 to:

**MUFG Union Bank, N.A.**

With a copy of Section 5 and 6 Notices delivered to:

[Rev. 09/28/16]
MUFG Union Bank, N.A.

(ii) Address for notices or communications to Party B:

Rose Hill Courts I Housing Partners, L.P.

(For all purposes)

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not Applicable.

Party B appoints as its Process Agent: Not Applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(b) of this Agreement:

Party A is not a Multibranch Party and for the purposes of this Agreement may act only through the following Office: Los Angeles.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.

(f) **Credit Support Document.** "Credit Support Document" means in relation to Party A: Not Applicable.

"Credit Support Document" means in relation to Party B: Any document or agreement which by its terms secures, guarantees or otherwise supports Party B's obligations hereunder from time to time, whether or not this Agreement, any Transaction or any type of transaction entered into hereunder is specifically referenced or described in any such document.

(g) **Credit Support Provider.** "Credit Support Provider" means in relation to Party A: None.

"Credit Support Provider" means in relation to Party B: Any person now or hereafter party to a Credit Support Document, other than Party B, that provides or is obligated to provide security, a guaranty or other credit support for Party B's obligations hereunder.

(h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine other than New York General Obligations Law Section 5-1401).
(i) **Netting of Payments.** “Multiple Transaction Payment Netting” will not apply for the purpose of Section 2(c) of this Agreement.

(j) “**Affiliate**” (i) in the case of Party A means, none; and (ii) in the case of Party B has the meaning specified in Section 14 of this Agreement.

(k) **Absence of Litigation.** For the purpose of Section 3(c):

“**Specified Entity**” means in relation to Party A: None.

“**Specified Entity**” means in relation to Party B: Any Affiliate.

(l) **No Agency.** The provisions of Section 3(g) will apply to this Agreement with regard to Party A and Party B.

(m) **Additional Representation** will apply. For the purpose of Section 3 of this Agreement, the following will constitute Additional Representations:

1. **Advice of Counsel; Absence of Commitment.** Each party represents to the other party on the date on which it enters into this Agreement that:

   (i) **Advice of Counsel.** It has been advised by counsel of its own choosing, or has had the opportunity to consult with counsel of its own choosing, in the negotiation, execution and delivery of this Agreement.

   (ii) **Absence of Commitment.** It acknowledges and agrees that neither party has any obligation to enter into any given Transaction, or any Transaction.

2. **Status of Parties; Line of Business.** Each party represents to the other party as of the date on which it enters into this Agreement, and will be deemed to represent to the other party on the date on which it enters into a Transaction, that:

   (i) **Eligible Contract Participant.** It is an “eligible contract participant” as such term is defined in the U.S. Commodity Exchange Act, as amended.

   (ii) **Status of Parties.** The other party has no fiduciary obligation to it, and is not acting as its advisor, in respect of this Agreement or such Transaction.

   (iii) **Line of Business.** It has entered into this Agreement and such Transaction in conjunction with its line of business (including financial intermediation services) or the financing of its business.

3. **Relationship Between Parties.** Each party represents to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for such Transaction):

   (i) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into such Transaction and as to whether such Transaction is appropriate or proper for it based upon its own judgment and advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice.
or as a recommendation to enter into such Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction will not be considered investment advice or a recommendation to enter into such Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of such Transaction.

(ii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of such Transaction. It is also capable of assuming, and assumes, the risks of such Transaction.

(4) **ERISA.** Each party represents to the other on the date on which it enters into this Agreement and at all times thereafter that it is not (i) an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or a plan as defined in Section 4975(e)(1) of the Code, subject to Title I of ERISA or Section 4975 of the Code, or a plan as so defined but which is not subject to Title I of ERISA or Section 4975 of the Code but which is subject to another law materially similar to Title I of ERISA or Section 4975 of the Code (each, an **“ERISA Plan”**), (ii) a person or entity acting on behalf of an ERISA Plan, or (iii) a person or entity the assets of which constitute assets of an ERISA Plan.

(5) **Special Entity.** Party B represents to Party A as of the date hereof and as of each date of a Transaction hereunder that it is not a Special Entity as defined under CFTC Regulation S. 23.401(c).

(6) **Compliance with Policies.** Party B further represents and warrants to Party A, on each date on which it enters into a Transaction hereunder, that such Transaction, and its terms and conditions, complies in all respects with all policies and management directives and guidelines of Party B, together with all resolutions, bylaws and other provisions of Party B’s constitutional documents. Party B acknowledges and agrees that Party A has no obligation to confirm Party B’s compliance with, or to forbear from transacting with Party B on account of, any such policies, directives, guidelines, resolutions, bylaws or constitutional documents, whether or not Party A may have knowledge of same.

(n) **ISDA August 2012 and March 2013 DF Protocol Agreements.** Party A and Party B agree, prior to the execution of any Transaction under this Agreement, that they will have (a) adhered to both the ISDA August 2012 DF Protocol Agreement published on August 13, 2012 and the ISDA March 2013 DF Protocol Agreement published on March 22, 2013 (the “Protocol Agreements”) by delivery to ISDA of an Adherence Letter, and delivered to the other party the Questionnaires thereto, or (b) executed bilateral agreement(s) that contain terms substantially similar to those set forth in the Protocol Agreements (in the case of Party B, in form and substance reasonably acceptable by Party A). For the purposes hereof, the terms “Adherence Letter” and “Questionnaire” shall have the meaning given to them in the Protocol Agreements, and in the event (a) above applies, this Agreement shall be deemed to be a “Matched PCA” under the Protocol Agreements.

(o) **Incorporation of Credit Agreement Provisions.** The (i) covenants and agreements (other than in respect of the payment of amounts owing under the Credit Agreement) and (ii) representations and warranties of Party B contained in the Credit Agreement, as in effect from time to time (together, the **“Incorporated Provisions”**), are hereby incorporated by reference into and made a part of Section 4 (as to covenants and agreements) and Section 3 (as to representations and warranties, which shall be
Additional Representations, repeated as of the date of this Agreement and each date a Transaction is entered into) of this Agreement as though set out in full herein, mutatis mutandis. If the Credit Agreement is terminated or ceases to be in full force and effect, the Incorporated Provisions will nevertheless remain in full force and effect for purposes of this Agreement.

(p) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel, and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

(q) **Accuracy of Specified Information.** Section 3(d) is hereby amended by adding in the third line thereof after the word “respect” and before the period, the phrase “or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of the relevant person”.

### Part 5
**Other Provisions**

(a) **ISDA Definitions.**

(i) The definitions and provisions contained in the 2006 ISDA Definitions (the “2006 Definitions”), as published by the International Swaps and Derivatives Association, Inc., as such definitions are in effect on the respective Trade Dates of respective Transactions, are incorporated into this Agreement and any Confirmation which supplements and forms a part of this Agreement, and all capitalized terms used in this Agreement or a Confirmation, unless otherwise defined in this Agreement or the Confirmation, shall have the respective meanings set forth in the 2006 Definitions. In the event of any conflict between the provisions of this Agreement and the provisions of the 2006 Definitions, the provisions of this Agreement shall apply, and in the event of any conflict between the provisions of this Agreement and a Confirmation, the provisions of the Confirmation shall apply.

(b) **Additional Defined Terms.**

“Credit Agreement” means, individually and collectively, each instrument or agreement now existing or hereafter arising evidencing or relating to Specified Indebtedness incurred by Party B from Party A.

“GAAP” means, as at any entity, generally accepted accounting principles as to such type of entity in the jurisdiction of such entity’s organization.

(c) **Service of Process.** The third sentence of Section 13(c) is amended in its entirety to read as follows:

“The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i) or 12(a)(iv).”

(d) **USA Patriot Act Notice.** Party A is subject to the USA Patriot Act and hereby notifies Party B that pursuant to the requirements of that Act, Party A is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B and other information that will allow Party A to identify Party B in accordance with that Act.
(c) **Safe Harbors; No Merger of Swap Transactions.** Each party to this Agreement acknowledges that:

(i) This Agreement, including any Credit Support Document, is a “swap agreement” and a “master netting agreement” as defined in the U.S. Bankruptcy Code (the “Bankruptcy Code”), and a “netting contract” as defined in the netting provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”);

(ii) Party A is a “master netting agreement participant,” a “financial institution,” a “financial participant,” a “forward contract merchant” and a “swap participant” as defined in the Bankruptcy Code, and a “financial institution” as defined in the netting provisions of FDICIA; and

(iii) If and to the extent Transactions may be intended to mitigate interest rate risk associated with, or otherwise be entered into in connection with, loans (including bilateral and syndicated) provided or to be provided by Party A to Party B (the “Relevant Loans”), such Transactions are intended to be separate and independent from and not merged with and into the Relevant Loans. Accordingly, (1) the rights and obligations of the parties in respect of the Transactions shall be governed exclusively by this Agreement and the Credit Support Documents, (2) Close-out Amounts in respect of such Transactions shall not be deemed prepayment penalties or default interest in respect of the Relevant Loans, (3) the existence of any commitment of Party A to extend further Relevant Loans shall not imply any commitment of Party A to enter into Transactions in respect of such Relevant Loans, and (4) waivers, amendments and other accommodations provided from time to time by Party A in respect of the Relevant Loan documents shall not be deemed applicable to this Agreement unless expressly agreed to have such effect by Party A.

(f) **WAIVER OF JURY TRIAL.** EACH PARTY EXPRESSLY, INTENTIONALLY, AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY SUCH PARTY MAY OTHERWISE HAVE IN ANY LEGAL PROCEEDING IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION.

(g) **Consent to Disclosure.** Party B consents to Party A effecting such disclosure as Party A may deem appropriate to enable Party A to transfer Party B’s records and information to process and execute Party B’s instructions, or in pursuance of Party A’s or Party B’s commercial interest, to any of its Affiliates. For the avoidance of doubt, Party B’s consent to disclosure includes the right on the part of Party A to allow access to any intended recipient of Party B’s information, to the records of Party A by any means.

(h) **Procedures for Entering into Transactions.** With respect to all Transactions, Section 9(e)(ii) of the Agreement is amended by adding the following at the end thereof:

On or promptly following the Trade Date of a Transaction, the Calculation Agent will send to the other party to this Agreement a Confirmation. Such other party will promptly thereafter confirm the accuracy of, or request the correction of, such Confirmation. If the party other than the Calculation Agent fails to accept or dispute with reasonable specificity the Confirmation within three Local Business Days after it was sent to such party, the Confirmation shall be deemed to be a correct reflection of the parties’ agreement on the terms of the Transaction referred to therein, absent manifest error. The requirement set forth in this Section and elsewhere in this Agreement that the parties exchange Confirmations shall for all purposes be deemed satisfied by a Confirmation sent and an acknowledgment deemed given as provided herein.
(i) **2002 Master Agreement Protocol.** The parties agree that the definitions and provisions of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 (the “Protocol”) are incorporated into and apply to this Agreement as if set out in full herein, for the purpose of indicating agreement by the parties to the amendments set out in Annexes 1 to 18 of the Protocol. References in the Protocol to a 2002 Master Agreement shall be deemed to be references to this Agreement.

(j) **Transactions legally binding.** A Transaction is concluded, and the parties are legally bound by the terms of such Transaction, from the moment they agree to the terms of such Transaction, whether orally or otherwise. As such, once a Transaction is entered into between the parties, it may not be cancelled (unless the parties agree to the terms of such a cancellation including the amount of costs and fees payable in connection therewith) and after a premium or any other payment is made by a party pursuant to the terms of a Transaction, such payment shall not be refundable (unless otherwise agreed by the parties). For the avoidance of doubt, nothing in this clause shall interfere with the rights of the parties to designate an Early Termination Date or, if applicable, the operation of Automatic Early Termination.
IN WITNESS WHEREOF the parties have executed this document as of the date specified on the first page of this document.

(“Party A”)

MUFG Union Bank, N.A.

By: ___________________________________
Name: 
Title: 
Date: 

(“Party B”)

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its Administrative General Partner

By: ________________________
Frank Cardone, President

By: LOMOD RHC I, LLC, a California limited liability company,
its Managing General Partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation, its sole member and manager

By: ________________________
Tina Smith-Booth,
President
AUTHORITY ACQUISITION NOTE
(Rose Hill Courts Phase I)

[$7,100,000.00] Los Angeles, California
As of _______, 2021

FOR VALUE RECEIVED, Rose Hill Courts I Housing Partners, L.P., 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 Seven Million One Hundred Thousand Dollars ($7,100,000.00) 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 Authority Acquisition Note (this “Note”) shall have the meaning set forth in the Ground Lease Agreement between Borrower and Lender of even date herewith (the “Ground Lease”).

1. **Interest.** 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 three percent (3%) simple interest per annum.

2. **Term.** All unpaid interest and principal shall be due and payable on the date that is fifty-five (55) years from the date the Construction Loan is paid in full (“Conversion”), but no later than [December 31, 2078.]

3. **Payments.** 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. Payments of principal and any accrued interest shall be due and payable under this Note as follows:

   (a) Commencing at Conversion, principal and interest shall be payable as 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.

   (b) 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 Authority Acquisition Deed of Trust, or of any uncured breach or default under any of the other “Loan Documents” (as such term is defined in the Authority Acquisition Deed of Trust), and (iii) the expiration or earlier termination of the Ground Lease.

4. **Enforcement.**
(a) 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 Authority Acquisition 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 Authority Acquisition 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 Authority Acquisition 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.

(b) 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.

5. **Acceleration.** 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.

6. **Costs and Expenses.** 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.

7. **Waivers.** 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.

8. **Recourse.** 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 Authority Acquisition 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 Authority Acquisition Deed of Trust shall be to the property described in the Authority Acquisition 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 Authority Acquisition 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 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 Authority Acquisition 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 Authority Acquisition 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.

9. **Subordination.** 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 Loan, Permanent Loan and HCD Loan.

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

[signature page(s) to follow]
In witness whereof, the Borrower has caused this Note to be executed, sealed and delivered, as of the date first above written.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
   its administrative general partner

By: ____________________________________________
   Frank Cardone
   President

By: LOMOD RHC I, LLC,
a California limited liability company
   its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
    public benefit corporation
    its sole member

By: ____________________________________________
   Tina Smith-Booth
   President
EXHIBIT A

Distribution of Net Cash Flow

[attached]
Exhibit A
Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have the meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed, in the following order of priority:

Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, an amount equal to the payment due and owing under Section 5.01(d) or Section 8.08(c) of the Partnership Agreement shall be distributed to the Investor Limited Partner in satisfaction of such obligation;
(ii) next, any other amounts due and owing to the Investor Limited Partner pursuant to this Agreement, including any unpaid Asset Management Fee;
(iii) next, repayment of any Partner Loan made by the Investor Limited Partner;
(iv) next, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.14 of the Partnership Agreement;
(v) next, to the payment of amounts due with respect to any Operating Deficit Loan(s), or loans made pursuant to Section 8.08(a)(iii) of the Partnership Agreement, or Partners Loan made by a General Partner until such Loan(s) is repaid;
(vi) next, to the payment of any accrued and unpaid Partnership Management Fee;
(vii) next, to the payment of the Development Fee until fully paid;
(viii) next, 50% to the repayment of the Second Permanent Loan, Third Permanent Loan, Fourth Permanent Loan, and the Fifth Permanent Loan;
(ix) next, any remaining amount up to an amount equal to 67.5% of Net Cash Flow, to the Administrative General Partner and 22.49% to the Managing General Partner until there shall have been cumulative distributions in the aggregate equal to the General Partner's Special Capital Contribution, if any; and then 67.5% to the Administrative General Partner and 22.49% to the Managing General Partner as an incentive management fee; and
(x) finally, any remaining amount to the Partners in accordance with their respective Interests.
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

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY ACQUISITION LOAN
(Rose Hill Courts Phase I)

THIS 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 Rose Hill Courts I Housing Partners, L.P., 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”).

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, granted pursuant to the Ground Lease (as hereinafter defined), 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) “Ground Lease” means that certain Ground Lease Agreement dated as of substantially even date herewith providing Trustor a 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 and a fee interest in any improvements constructed thereon.

(b) “Loan Documents” means this Deed of Trust, the Note, the Ground Lease, and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(c) “Note” means that certain Authority Acquisition Note in the principal amount of [Seven Million One Hundred Thousand Dollars ($7,100,000.00)] dated as of substantially even date herewith, executed by Trustor in favor of Beneficiary, the payment of which is secured by this Deed of Trust. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.).

(d) “Principal” means the principal amount required to be paid under the Note.

(e) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.

(f) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(g) “Senior Loan” means (1) that certain tax-exempt construction loan from MUFG Union Bank, N.A. (“Union”), in the approximate amount of [Thirty One Million Eight Hundred Forty-Three Thousand Six Hundred Thirty-Two Dollars ($31,843,632.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Sixteen Million Six Hundred Eighty-Five Thousand Dollars ($16,685,000.00)] and (2) that certain taxable construction loan from Union, in the approximate amount of [Six Million Four Hundred Fifty-Four Thousand Four Hundred Eighty-One Dollars ($6,454,481.00)], funded from taxable bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

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 Documents, 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 thereon 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 transferee 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 groundwater 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 Documents); 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: General Counsel

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

If to Trustor: Rose Hill Courts I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Ave., Suite 900
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 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:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
    Tina Smith-Booth
    President

[NOTARY BLOCKS 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, __________________________________, 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 is situated in the County of Los Angeles, City of Los Angeles, State of California, and is described as follows:

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
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 loan in the amount of [Seven Million One Hundred Thousand Dollars ($7,100,000.00)] (the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Borrower” or the “Partnership”) for the acquisition of a leasehold interest in real property for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower and previously approved by Lender 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. **Recourse/Non-Recourse Obligation.** The Loan is a recourse obligation of the Borrower.

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 Related/Rose Hill Courts I Development Co., 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. 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.

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: Raymond James California Housing Opportunities Fund X L.L.C. c/o Raymond James Tax Credit Funds, Inc. 880 Carillon Parkway St. Petersburg, Florida 33716 Attention: Steven J. Kropf, President

EXHIBIT B – INVESTOR RIDER
with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Nathan Bernard

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 on Following Page]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ______________, 2021.

LENDER:

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

By: __________________________
Douglas Guthrie
President and Chief Executive Officer
BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
public benefit corporation
its sole member

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT C
RAD Rider to Loan Documents

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 ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”), in connection with a loan of [Seven Million One Hundred Thousand Dollars ($7,100,000.00)] by the Authority to the Borrower to be used for the acquisition of a leasehold interest in real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (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. **RAD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that eleven (11) units in the Project 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. 114-113, approved December 18, 2015), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), 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)) executed with the Project. 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:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
    Tina Smith-Booth
    President

[NOTARY BLOCKS 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, ________________________, 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 __________________
AUTHORITY:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer

[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, _________________________, (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 ________________
AUTHORITY LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

ROSE HILL COURTS I HOUSING PARTNERS, L.P.
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This 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 ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower” and together with the Authority, the “Parties”), with reference to the following facts:

A. 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”).

B. The Borrower is a California limited partnership duly formed and authorized to do business in the State of California as Rose Hill Courts I Housing Partners, L.P., a California limited partnership, having Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, as its administrative general partner (the “Administrative General Partner”), LOMOD RHC I, LLC, a California limited liability company, as its managing general partner (the “Managing General Partner”).

C. The Borrower desires to construct approximately eighty-nine (89) residential units (including one (1) manager's unit), and other ancillary improvements (collectively, the “Improvements”) on the Property.

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

E. Pursuant to that certain Ground Lease, dated as of substantially even date herewith, by and 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.

F. The Parties acknowledge that, pursuant to a purchase option and right of first refusal agreement to be executed at or about the time of this Agreement, (i) the Authority, or its affiliate, has a right of first refusal and option to purchase the Improvements and (ii) the Administrative General Partner has an option to purchase the Improvements.

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 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:

1. A tax-exempt construction loan from MUFG Union Bank, N.A. (“Union”), in the approximate amount of [Thirty One Million Eight Hundred Forty-Three Thousand Six Hundred Thirty-Two Dollars ($31,843,632.00)] (the “Tax-Exempt Construction Loan”), funded from tax-exempt bond proceeds pursuant to a funding loan from Union to the Authority and a project loan from the Authority to the Borrower, which project loan will be concurrently assigned from the Authority to __________, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Sixteen Million Six Hundred Eighty-Five Thousand Dollars ($16,685,000.00)] (the “Permanent Loan”);

2. A taxable construction loan from Union, in the approximate amount of [Six Million Four Hundred Fifty-Four Thousand Four Hundred Eighty-One Dollars ($6,454,481.00)] funded from taxable bond proceeds pursuant to a funding loan from Union to the Authority and a project loan from the Authority to the Borrower, which project loan will be concurrently assigned to __________, as fiscal agent (the “Taxable Construction Loan” and together with the Tax-Exempt Construction Loan, the “Construction Loan”);

3. An acquisition loan from the Authority in the in the approximate amount of [Seven Million One Hundred Thousand Dollars ($7,100,000.00)] (the “Authority Acquisition Loan”), which loan represents the fair market value of the Property;

4. A loan from the Authority in the maximum principal amount of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)] made with funds available to the Authority pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).

5. A gap loan from the Authority in the approximate original amount of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)], a portion of which will convert to permanent financing (the “Authority Gap Loan”);

6. A permanent loan from HCD in the approximate amount of Twelve Million Dollars ($12,000,000.00) made pursuant to the Affordable Housing and Sustainable Communities program (the “HCD Loan”);

7. Investor equity funds generated from Low Income Housing Tax Credits in the approximate amount of [Seventeen Million Six Hundred Ninety-Two Thousand One Hundred Twenty-Nine Dollars ($17,692,129.00)] (“Tax Credit Equity”); and
(8) If obtained by Borrower, an Affordable Housing Program loan from the Federal Home Loan Bank in the approximate amount of ___________ Dollars ($___________.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 Gap Loan” shall mean the loan to the Borrower pursuant to this Agreement in the maximum original principal amount of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)], advanced for the purpose of filling any gap between the other sources of Approved Financing and actual uses, up to the amount set forth in the Approved Development Budget. The Authority Gap Loan will be reduced at Permanent Loan Closing by Excess Equity Proceeds, Cost Savings, and AHP Loan Proceeds, if any.

(f) “Authority Gap Note” shall mean the Authority Gap Note of even date herewith evidencing the Authority Gap Loan and secured by the Authority Gap Deed of Trust.

(g) “Authority Gap Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority Gap Loan in the form provided by the Authority that will encumber the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority Gap Loan.

(h) “Authority IIG Note” shall mean the Authority IIG Note of even date herewith evidencing the Authority IIG Loan and secured by the Authority IIG Deed of Trust.

(i) “Authority IIG Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority IIG Loan in the form provided by the Authority that will encumber the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority IIG Loan.

(j) “Borrower” shall mean Rose Hill Courts I Housing Partners, L.P., a California limited partnership.

(k) “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.

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

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

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

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

(q) “Construction Section 3 Plan” shall mean the “Construction and Local Hiring Contracting Plan” described in Exhibit E to the Ground Lease.

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

(s) “Contractor” shall mean R.D. Olson Construction, Inc., a California corporation, the general contractor for the Project.

(t) “Conversion Conditions (Construction)” shall mean that: (i) construction of the Project has been completed pursuant to the approved Construction Plans and in a good and workmanlike manner by [July 31, 2023] and all governmental approvals regarding same have been obtained, including certificates of occupancy and (ii) no Default or event of Default then exists.

(u) “Cost Savings” shall mean the difference between (i) the Approved Financing and (ii) the actual total development costs for the Project, including payment in full of any developer fee in the Approved Development Budget, subject to HCD and TCAC requirements, as determined by a cost certification performed at Borrower's expense by a certified public accountant acceptable to the Authority.

(v) “Deed of Trust” shall mean, collectively, the Authority Gap Deed of Trust and Authority IIG Deed of Trust.

(w) “Default” shall have the meaning set forth in Section 5.1 below.

(x) “Developer” shall mean The Related Irvine Development Company, LLC, a California limited liability company, and [La Cienega LOMOD, Inc., a California nonprofit public benefit corporation].

(y) “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.
(z) “Disposition and Development Agreement” shall mean that certain Disposition and Development Agreement for Rose Hill Courts – Phase I, dated February 5, 2020, as amended by that certain First Amendment to Disposition and Development Agreement For Rose Hill Courts – Phase I, dated August 28, 2020, to which the Authority and the Borrower are parties, as may be further amended.

(aa) “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.

(bb) “Excess Equity Proceeds” shall have the meaning set forth in Section 2.8(e).

(cc) “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.

(dd) “Ground Lease” shall mean the lease entered into concurrently herewith between the Authority, as landlord, and the Borrower, as tenant, creating Borrower's Leasehold Estate.

(ee) “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
Authority Loan Agreement

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.

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

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

(hh) “HCD” shall mean the State of California Department of Housing and Community Development.

(ii) “HUD” shall mean the U.S. Department of Housing and Urban Development.

(jj) “IIG Requirements” shall mean the requirements of the Infill Infrastructure Grant Program established Part 12.5 of Division 31 of the California Health and Safety Code (commencing at Section 535599) and all guidelines, requirements and obligations imposed on recipients of grants pursuant to such program including, but not limited to, (i) the requirements of the Infill Infrastructure Grant Program 2019 Guidelines dated as of October 30, 2019; (ii) the Infill Infrastructure Grant Program Notice of Funding Availability issued by HCD, dated October 30, 2019; (iii) the requirements of that certain Standard Agreement, Agreement Number 19-IIG-14392, by and between HCD and the Authority, dated __________, 2021 (the “IIG Standard Agreement”); (iv) the requirements of that certain Disbursement Agreement executed by and between HCD and the Authority in accordance with the IIG Standard Agreement; and (v) any other requirements now or from time to time implemented by HCD with regard to the Infill Infrastructure Grant Program.

(kk) “Improvements” shall mean approximately eighty-nine (89) units of rental housing (including one (1) manager’s unit) and related ancillary improvements. The residential units included within the Improvements include, eighty-four (84) Low Income Housing Tax Credit units, the RAD Units and the PBV Units. The Improvements are more fully described in Exhibit C-1.

(ll) “Investor” shall mean Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, the investor limited partner of Borrower, together with the beneficiaries, successors, and assigns of same.

(mm) “Loan” shall mean, collectively, the Authority Gap Loan and Authority IIG Loan.
(nn) “Loan Documents” shall mean this Agreement, the Note, and the Deed of Trust, all dated the same date as this Agreement.

(oo) “Loan Maturity Date” means, for the Authority Gap Loan and Authority IIG Loan, the earlier of (i) 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, (ii) December 31, 2078, and (iii) 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).

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

(qq) “Net Cash Flow” shall have the meaning set forth in the Partnership Agreement; provided, however, the definition of “[‘Net Cash Flow’] in the Partnership Agreement shall not be amended or modified without the prior written consent of the Authority.

(rr) “Note” shall mean, collectively, the Authority Gap Note and Authority IIG Note.

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

(tt) “Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership for the Borrower, dated as of substantially even date herewith.

(uu) “PBV Units” shall mean the seventy-seven (77) 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. The PBV Units are considered “replacement housing” pursuant to the overall master plan for the redevelopment of Rose Hill Courts.

(vv) “Project” shall mean the Borrower's Leasehold Estate and the Improvements.

(ww) “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.

(xx) “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, RAD Program requirements, as well as other requirements of this Agreement and the projected funding sources.
“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 H-2019-09 PIH-2019-23 (HA) (September 5, 2019), as amended from time to time.

“RAD Units” shall mean the eleven (11) 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 [eleven (11)] public housing units at Rose Hill Courts and considered “replacement housing” pursuant to the overall master plan for the redevelopment of Rose Hill Courts.

“RAD Use Agreement” shall mean that certain RAD Use Agreement executed by the Authority and the Borrower in favor of HUD.

“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.

“Section 3 Plan” shall mean the “Post-Construction and Local Hiring Contracting Plan” described in Exhibit E to the Ground Lease.

“Subordination Agreement” shall mean, collectively, that certain (i) 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 and (ii) Subordination Agreement and among the Authority, Borrower and Union of substantially even date herewith.

“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.

“Sustainability Plan” shall mean 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.

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

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

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

“Units” means the eighty-nine (89) residential units to be constructed on the Property (including one (1) manager’s units).

Section 1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:
ARTICLE 2  LOAN PROVISIONS

Section 2.1  Loan.

(a) The Authority shall loan to the Borrower the Authority Gap Loan for the purposes set forth in Section 2.4(a) of this Agreement, and the Borrower shall repay interest on the Authority Gap Loan pursuant to the Authority Gap Note beginning at Closing. The Borrower shall repay the Authority Gap Loan from any Cost Savings, Excess Equity Proceeds, AHP Loan proceeds, if any, and 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 Gap Note. The obligation to repay the Authority Gap Loan shall be evidenced by the Authority Gap Note in the form attached hereto as Exhibit G-1.

(b) The Authority shall loan to the Borrower the Authority IIG Loan for the purposes set forth in Section 2.4(b) of this Agreement, and the Borrower shall repay principal and interest on the Authority IIG Loan pursuant to the Authority IIG Note. The Authority’s obligation to disburse the proceeds of the Authority IIG Loan to the Borrower shall be contingent on the Authority’s receipt of funds from HCD under the IIG Standard Agreement. The obligation to repay the Authority IIG Loan shall be evidenced by the Authority IIG Note in the form attached hereto as Exhibit G-2.

Section 2.2  Term. The Authority Gap Loan and Authority IIG 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 Gap Loan shall bear simple interest at three percent (3%) per annum, commencing at Closing.

(b) Subject to the provisions of Section 2.3(c) below, the Authority IIG Loan shall not bear interest.
(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 Gap 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 speed and maximize repayment of the Authority Gap Loan, which efforts shall include at a minimum the following:

(i) The Borrower shall make good faith efforts to apply for an AHP Loan. If the Authority is required to be a co-applicant for any Funding Program, the Borrower shall provide an indemnity of the Authority acceptable to the Authority in the Authority’s sole discretion. If the Borrower decides not to apply for an available AHP Loan, the Borrower shall provide a written justification for such non-application to the Authority for its approval and if not approved, shall so apply. The Authority will be provided a copy of any AHP Loan application as a record of submission within a reasonable amount of time. The Borrower and the Authority acknowledge that applications to the Federal Home Loan Bank (“FHLB”) for an AHP Loan may only be submitted by a member institution, and the Borrower will use commercially reasonable efforts to identify a member institution of the FHLB to submit an application for the AHP Loan with respect to the Project. The Borrower shall prepare the AHP Loan application with the assistance of the Authority and shall provide the complete application for Authority review and approval no less than fifteen (15) days before the applicable AHP Loan application deadline. If the Borrower applies for an AHP Loan and does not receive an award, the Authority and the Borrower shall meet and confer and mutually agree whether to re-apply.

(ii) If awarded the AHP Loan, the Borrower shall diligently pursue closing and funding of the AHP Loan thereafter. Borrower shall use the proceeds of the AHP Loan to (1) in the event the AHP Loan is awarded before any or all of the Authority Gap Loan has been drawn, to replace the Authority Gap Loan as a source under the Approved Development Budget and minimize draws on the Authority Gap Loan, and (2) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority Gap Loan. Borrower may use such proceeds for other purposes only after the Authority Gap Loan has 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 Gap Note.

(iii) Borrower shall draw on the Authority Gap Loan consistent with the Approved Development Budget and pursuant to a written draw request in the form attached hereto as Exhibit E-2. In the event that the undrawn balance of the Authority Gap Loan ever
exceeds the amount of reasonably projected remaining Project expenses, Borrower shall draw on the Authority Gap 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 Gap Loan then such AHP Loan proceeds shall be drawn before the Authority Gap Loan.

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

(c) The Borrower shall not use the Loan proceeds 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 Loan, Permanent Loan, HCD Loan, and Authority Acquisition 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 Loan and the Permanent 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 Subordination Agreements. The Authority further agrees to subordinate the Deed of Trust to the lien of the deed of trust and regulatory agreement 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 outstanding principal balance and all accrued interest on the Predevelopment Note (as defined in the Disposition and Development Agreement).
(s) The Authority shall have received permission to close from HUD.

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

(u) The Borrower has closed all Approved Financing described in Section 1.1(c) except the AHP Loan, HCD Loan and the Permanent 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 Gap Loan, [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)], and (ii) in the case of the Authority IIG Loan, [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)]. 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. Except as set forth in Section 2.1(a), 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 Gap Loan shall be due in full on the earlier to occur of (i) the date of any Transfer not authorized by the Authority, (ii) the date of any Default, and (iii) the expiration of the Term. All principal and accrued interest, if any, on the Authority IIG Loan shall be due in full on the earlier to occur of (1) the date of any Transfer not authorized by the Authority or permitted under this Agreement, (2) the date of any Default, and (3) 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 Cost Savings, if any, after completion of the Project. Such Cost Savings shall be applied: (a) first, to repay the Authority Gap Loan and (b) second, to repay the Authority Acquisition Loan (collectively, the **“Priority Payment on HACLA Loans”**). The payment of Cost Savings due to Authority shall be made by Borrower no later than the closing of the Permanent Loan. Notwithstanding the forgoing, if HCD does not approve one hundred percent (100%) of any Cost Savings to be used for the Priority Payments on HACLA Loans, subject to HCD requirements, the Authority will be entitled to a pro rata share of such Cost Savings based on the relative size of its loans to the Project in proportion to other Approved Financing (with the exception of the Permanent Loan and the Authority IIG Loan) as Priority Payment on HACLA Loans.

(e) **Additional Tax Credit Equity.** If Borrower obtains Tax Credit Equity in excess of [Seventeen Million Six Hundred Ninety-Two Thousand One Hundred Twenty-Nine Dollars ($17,692,129.00)] (the **“Excess Equity Proceeds”**), Borrower shall apply an amount equal to the Excess Equity Proceeds, to payment of accrued interest on, and then to reduce the principal amount of the Authority Gap Loan. In the event that the Parties determine that the Excess Equity Proceeds are necessary to meet Project development costs, then the Borrower may use the Excess Equity Proceeds to pay Project development costs approved in writing by the Authority.

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(c) 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 **Recourse/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 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 Contractor shall rely in building all the 
Improvements on the Property (including the Units, landscaping, parking, and common areas) 
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/they 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 [July 31, 2023].

Section 3.7  Construction Pursuant to Plans and Laws.

(a)  The Borrower shall construct the 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 attached hereto as Exhibit D, 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 Construction Plans 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 Fifty Thousand Dollars ($50,000.00); 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 Construction Plans 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)  Reserved.

(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

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federal Davis-Bacon Act and/or State prevailing wage requirements and their respective implementing rules and regulations as further set forth in Section 4.6(b) below, (ii) the 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 construction 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 Construction Plans, 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 partnership management fee of Five Thousand Dollars ($5,000.00) paid to the Managing General Partner, escalating by the Consumer Price Index (as defined by the U.S. Bureau of Labor Statistics) annually and payable out of Net Cash Flow; (b) an annual asset management fee of Five Thousand Dollars ($5,000.00) paid to Investor, [escalating by three percent (3%) annually and payable out of Net Cash Flow]; and (c) an annual partnership management fee of Ten Thousand Dollars ($10,000.00) paid to the Administrative General Partner, escalating by the Consumer Price Index (as defined by the U.S. Bureau of Labor Statistics) annually and payable out of Net Cash Flow. Unpaid fees may accrue. The Borrower shall not charge interest in excess of one half percent (.5%) 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 Construction Plans.

Section 3.16 Authority Fees. The Borrower shall pay the Authority the following fees at Closing: (a) a construction monitoring fee in the amount of Fifty Thousand Dollars ($50,000), (b) a construction Section 3 compliance fee in the amount of Forty Thousand Dollars ($40,000) and (c) a Davis Bacon compliance monitoring fee in the amount of Twenty Thousand Dollars ($20,000).
Section 3.17 Capital Contributions. The Borrower shall cause the Investor to make the capital contribution described in [Section 5.01] 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 H-2019-09 PIH 2019-23 (HA) (September 5, 2019), 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 Rose Hill Courts public housing site to relocate to the RAD Units and PBV Units at 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.

(xi) Lobbying. The restrictions on use of funds for lobbying as provided in 24 C.F.R. § 5.105(b).

(xii) Grant Funds. The requirements of the IIG Requirements.


(xiv) 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 and RAD Program, which requires initial monthly deposits of $3,708.33, subject to annual increases as required by HUD.

(xv) [Subsidy Reserve. The Parties acknowledge and agree that the Borrower is creating a subsidy reserve pursuant to [Section 8.15] of the Partnership Agreement that will be controlled 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 and the Authority shall also have the right to have its reasonable attorneys' fees, expert witness and consultant fees, as well as all costs, expenses, and interest, in connection therewith paid by the Borrower. 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 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.
(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, including without limitation under Sections 17.5 and 17.6 of 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 Two Million Dollars ($2,000,000.00) 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 [July 31, 2023].

(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 bond documents related to the Construction Loan and Permanent Loan for Project following expiration of all applicable notice and cure periods.

(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 securing the Approved Financing and approved in writing by the Authority) against the Borrower’s Leasehold Estate and Improvements or any part thereof, or any interest or right 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 Administrative 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 instrumentalities 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 Agreement. 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: Rose Hill Courts I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Ave., Suite 900
Irvine, CA 92612
Attention: Frank Cardone, President

With a copy to: Bocarsly, Emden, Cowan, Esmail and Arndt, LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly

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; 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. [____]. 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, Cf, D, 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(s) to follow]
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: _________________________________
Douglas Guthrie
President and Chief Executive Officer
BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
 Frank Cardone
 President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc, a California nonprofit
 public benefit corporation,
Its sole member

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

Legal Description of the Property

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
## EXHIBIT A-2

Unit Designation by Type

<table>
<thead>
<tr>
<th></th>
<th>Rose Hill Courts</th>
<th>RAD</th>
<th>PBV</th>
</tr>
</thead>
<tbody>
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<td>51</td>
<td>-</td>
<td>51</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>26</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>4*</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89</strong></td>
<td><strong>11</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

* One (1) four bedroom unit is a manager’s unit.
EXHIBIT B

Approved Development Budget

[attached]
### Exhibit B
### Development Budget

#### Construction Sources and Uses

<table>
<thead>
<tr>
<th>Construction Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Credit Equity</td>
<td>1,403,490</td>
</tr>
<tr>
<td>Construction Loan - Tax Exempt</td>
<td>31,843,632</td>
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<tr>
<td>Construction Loan - Taxable Tail</td>
<td>5,743,383</td>
</tr>
<tr>
<td>HACLA Residual Receipt Loan (Land Acq.)</td>
<td>7,100,000</td>
</tr>
<tr>
<td>HACLA Residual Receipt Loan (Soft Loan)</td>
<td>8,350,000</td>
</tr>
<tr>
<td>IIG</td>
<td>3,519,300</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>660,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Deferred Operating Deficit</td>
<td>855,749</td>
</tr>
<tr>
<td>Deferred Transition Reserve</td>
<td>618,477</td>
</tr>
<tr>
<td><strong>Total Construction Sources</strong></td>
<td><strong>64,494,030</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Development Cost</td>
<td>64,494,030</td>
</tr>
<tr>
<td><strong>Amount Over/(Under)</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

#### Permanent Sources and Uses

<table>
<thead>
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<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
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<tr>
<td>Tax Credit Equity</td>
<td>17,443,362</td>
</tr>
<tr>
<td>Permanent Financing TCAC</td>
<td>1,338,000</td>
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<tr>
<td>Permanent Financing S8 + RAD</td>
<td>13,655,000</td>
</tr>
<tr>
<td>HACLA Residual Receipt Loan (Land Acq.)</td>
<td>7,100,000</td>
</tr>
<tr>
<td>HACLA Residual Receipt Loan (Soft Loan)</td>
<td>5,478,368</td>
</tr>
<tr>
<td>AHSC</td>
<td>12,000,000</td>
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<tr>
<td>IIG</td>
<td>3,519,300</td>
</tr>
<tr>
<td>MGP Capital Contribution</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>660,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>1,300,000</td>
</tr>
<tr>
<td><strong>Total Permanent Sources</strong></td>
<td><strong>64,494,030</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Development Cost</td>
<td>64,494,030</td>
</tr>
<tr>
<td><strong>Amount Over/(Under)</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>
EXHIBIT C

Scope of Development for the Improvements

[attached]
The Rose Hill Courts Phase I ("Project") has been designed to provide high quality, multi-family housing, at a scale that is contextual and appropriate for the site and the community.

The Project is located on the northeast corner of McKenzie Ave. and Florizel St., and is 89 units (replacing seven buildings consisting of 20 units and the existing administration building). The Project will consist of two buildings. Building A will consist of four (4) stories with a basement with a total of 51 units. Building B will consist of 4 stories with a total of 38 units. Both buildings will be served by elevators. In total there will be 51 one-bedrooms, 26 two-bedrooms, eight (8) three-bedrooms, and four (4) four-bedrooms. The on-site Manager will occupy one two-bedroom unit. Building A will include community spaces for residents of both Buildings A and B and an onsite leasing office and social service office.

The Project would provide a total of 56 at-grade parking spaces onsite; upgraded lighting, fencing, signage, and security features; and storm-drain and utility improvements. The new sustainably designed buildings are energy efficient and the landscaping includes water-efficient irrigation that reuses stormwater.

Based on extensive outreach to the residents and the community at large, the Project has been designed to provide high quality, multi-family housing, at a scale that is contextual and appropriate for the site and the community.

The proposed buildings would be designed in a contemporary style. Projecting balcony decks, horizontal overhangs and canopies would be integrated with other architectural elements, such as balcony railings and shading devices. These architectural elements would provide horizontal and vertical articulations that would serve to break up the building planes and modulate building massing. The buildings are designed with a variety of exterior finishes, including stucco, composite siding, storefront windows, simulated wood accents, metal railings, integrated signage and lighting.

The central green space includes several discrete activity areas, each with a unique design theme and use. Outdoor space adjacent to the buildings offers places for social gatherings, and special events and celebrations, with shaded seating areas and BBQ grills for outdoor dining. The landscape design would create a park-like setting for residents.

**Security:** Fencing would be located between buildings. The central green area would be fenced from the street, and pedestrian walks accessing perimeter streets would have combination of hedges and fencing to clearly define paths of access. A five-foot tubular steel fencing is proposed on the interior of the Project Site to provide security and maintain resident access to the Project Site.
The site will have security features including: cameras and controlled access to the buildings. Ground rules will be established by the property management company (Related Management Company) and onsite maintenance staff will keep the property clean. Secured building entry points and pedestrian security gates are located throughout the Project Site.

**Accessibility:** The apartments comply with design and construction requirements as stated under the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205. Rose Hill Courts Phase I 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.
EXHIBIT D

Schedule of Performance for the Improvements
Exhibit D-1
Schedule of Performance for Improvements

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date Not Later Than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Notice to Proceed issued by HACLA</td>
<td>Three days before closing</td>
</tr>
<tr>
<td>Construction Commencement</td>
<td>Thirty days after closing</td>
</tr>
<tr>
<td>Completion and Lease Up</td>
<td></td>
</tr>
<tr>
<td>Marketing Plan</td>
<td>Six (6) months prior to the projected date of construction completion.</td>
</tr>
<tr>
<td>Authority Approval of Marketing Plan</td>
<td>Authority shall reasonably approve or disapprove within thirty (30) days of submission of Plan to the Authority.</td>
</tr>
<tr>
<td>Completion of Construction</td>
<td>August 31, 2023</td>
</tr>
<tr>
<td>Post-Occupancy</td>
<td></td>
</tr>
<tr>
<td>Financial Accounting of all sources and uses of funds</td>
<td>No later than one hundred and twenty (120) days following full occupancy of the Project.</td>
</tr>
<tr>
<td>Audited Financial Report</td>
<td>No later than twelve (12) months following the completion of construction of the Improvements.</td>
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</table>
EXHIBIT E-1

Draw Schedule

[attached]
<table>
<thead>
<tr>
<th>Month</th>
<th>Construction Costs</th>
<th>Financing Costs</th>
<th>Other Costs</th>
<th>Total</th>
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<td>$1,500,000</td>
<td>$1,000,000</td>
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<td>$2,200,000</td>
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<td>$5,500,000</td>
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<tr>
<td>May 22</td>
<td>$2,500,000</td>
<td>$3,000,000</td>
<td>$2,000,000</td>
<td>$7,500,000</td>
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<td>$3,500,000</td>
<td>$4,000,000</td>
<td>$2,500,000</td>
<td>$10,000,000</td>
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<tr>
<td>July 22</td>
<td>$4,500,000</td>
<td>$5,500,000</td>
<td>$3,000,000</td>
<td>$13,000,000</td>
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<tr>
<td>August 22</td>
<td>$5,500,000</td>
<td>$6,500,000</td>
<td>$3,500,000</td>
<td>$15,500,000</td>
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<tr>
<td>September 22</td>
<td>$6,500,000</td>
<td>$7,500,000</td>
<td>$4,000,000</td>
<td>$18,000,000</td>
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<tr>
<td>October 22</td>
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<td>$8,500,000</td>
<td>$4,500,000</td>
<td>$20,500,000</td>
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<tr>
<td>November 22</td>
<td>$8,500,000</td>
<td>$9,500,000</td>
<td>$5,000,000</td>
<td>$24,000,000</td>
</tr>
</tbody>
</table>

Notes:
- Construction Costs include:
  - Land Acquisition Costs
  - Construction Costs:
    - Demolition
    - Non-Residential Structures
    - Site Improvements
    - Landscaping / Common Areas
    - GC Contingency
    - Retail Core + Shell
    - General Conditions
    - Contractor Overhead
    - Construction Contingency
    - Residential Structures - Non GC
- Financing Costs include:
  - Acquisition Loan Costs
  - Gap Loan Costs
  - Construction Loan Costs
  - Permanent Loan Costs
  - Bond Issuance Costs
  - TCAC Fees
  - Misc. Finance Costs
  - Other Costs / Reserves
  - Other Public Subsidy Costs
- Other Costs include:
  - Professional / Consulting
  - Fees & Permits
  - Construction Loan - Taxable Tail
  - Tax Credit Equity
  - MGP Capital Contribution
  - IIG
  - Deferred Operating Deficit
  - Deferred Transition Reserve
  - TOTAL USES
  - BALANCE

VARIANCE

- No variance found.
EXHIBIT E-2

Form of Draw Request

[attached]
Borrower: Rose Hill Courts I Housing Partners, L.P.  
Project: Rose Hill Courts Phase I  
Loan No.:  

**USES OF FUNDS**

**DRAW SUMMARY**

**BUDGET**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
<th>Closing (Budget)</th>
<th>Previous Changes</th>
<th>Current Changes</th>
<th>Revised Changes (Budget)</th>
<th>HACLA Loan Applications</th>
<th>Previous This Application Total Completed &amp; Drawn to Date</th>
<th>Percent Complete</th>
<th>Balance to Finish + Retainage</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
<td>G</td>
<td>H</td>
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<td><strong>USES</strong></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Development Uses</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Acquisition Cost</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
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<td>0.00</td>
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<tr>
<td></td>
<td><strong>A. Development Construction Costs</strong></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
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<td></td>
<td>2 Residential Construction</td>
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<td>0.00</td>
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<tr>
<td></td>
<td><strong>B. Development Soft Costs</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 PHA Legal</td>
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<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td></td>
<td><strong>TOTAL USES</strong></td>
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<td>0.00</td>
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<td>0.00</td>
<td>0.00</td>
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<td>0.00%</td>
</tr>
<tr>
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<td>HACLA Loan</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**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: Rose Hill Courts I Housing Partners, L.P.

By: __________________________________________________

Its: President

Frank Cardone
EXHIBIT F

Intentionally Omitted
EXHIBIT G-1

Form of Authority Gap Note

[attached]
AUTHORITY GAP NOTE
(Rose Hill Courts Phase I)

[$8,350,000.00] Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum
of up to [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)] (the “Authority
Gap Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority
Gap Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower
and the Housing Authority of the City of Los Angeles (the “Lender”) dated as 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) This Note shall bear simple interest at three percent (3%) per annum,
commencing at Closing.

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

(i) [From Cost Savings and Additional Proceeds as set forth in the Loan
Agreement]; and

(ii) Commencing the year following Conversion, any remaining unpaid
principal and interest under the Authority Gap 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 Gap Loan shall be due and
payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal
balance of and all interest accrued on the Authority Gap Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority Gap Loan (the “Deed of Trust”) of even date herewith between the Borrower and 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 Gap Loan. It may not be modified except upon written consent of the parties.

(g) 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 Gap 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 Gap Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan, Permanent Loan and HCD Loan.

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

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
Tina Smith-Booth
President
Exhibit A
Distribution of Net Cash Flow
[attached]
Exhibit A
Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have the meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed, in the following order of priority:

Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, an amount equal to the payment due and owing under Section 5.01(d) or Section 8.08(c) of the Partnership Agreement shall be distributed to the Investor Limited Partner in satisfaction of such obligation;
(ii) next, any other amounts due and owing to the Investor Limited Partner pursuant to this Agreement, including any unpaid Asset Management Fee;
(iii) next, repayment of any Partner Loan made by the Investor Limited Partner;
(iv) next, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.14 of the Partnership Agreement;
(v) next, to the payment of amounts due with respect to any Operating Deficit Loan(s), or loans made pursuant to Section 8.08(a)(iii) of the Partnership Agreement, or Partners Loan made by a General Partner until such Loan(s) is repaid;
(vi) next, to the payment of any accrued and unpaid Partnership Management Fee;
(vii) next, to the payment of the Development Fee until fully paid;
(viii) next, 50% to the repayment of the Second Permanent Loan, Third Permanent Loan, Fourth Permanent Loan, and the Fifth Permanent Loan;
(ix) next, any remaining amount up to an amount equal to 67.5% of Net Cash Flow, to the Administrative General Partner and 22.49% to the Managing General Partner until there shall have been cumulative distributions in the aggregate equal to the General Partner's Special Capital Contribution, if any; and then 67.5% to the Administrative General Partner and 22.49% to the Managing General Partner as an incentive management fee; and
(x) finally, any remaining amount to the Partners in accordance with their respective Interests.
EXHIBIT G-2

Form of Authority IIG Note

[attached]
AUTHORITY IIG NOTE
(Rose Hill Courts Phase I)

[$3,519,300.00] Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,000.00)] (the “Authority IIG Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority IIG Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as 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 and the IIG 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) This Note shall not bear interest.

(c) All principal and interest owed under this Note is due in full on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority IIG Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority IIG Loan (the “Deed of Trust”) of even date herewith between the Borrower and 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 IIG Loan. It may not be modified except upon written consent of the parties.

(g) 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 IIG 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 IIG Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan, Permanent Loan and HCD Loan.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT H

COMPLETION GUARANTY

[attached]
COMPLETION GUARANTY

Rose Hill Courts Phase I

THIS COMPLETION GUARANTY (“Guaranty”) is made as of ___________, 20__, by The Related Companies, L.P., a New York limited partnership (“Guarantor”) in favor of the Housing Authority of City of Los Angeles, a public body, corporate and politic (the “Authority”).

RECITALS

A. Guarantor is an affiliate of Related/Rose Hill Courts Development Co., LLC, a California limited liability company, which is the administrative general partner of Rose Hill Courts Phase I Housing Partners, L.P., a California limited partnership (the “Borrower”). The Borrower was formed for the purposes of acquiring, developing, constructing, maintaining, operating and leasing the Project as defined and described in that certain Authority Loan Agreement by and between the Borrower and the Authority of substantially even date herewith (“Loan Agreement”).

B. The Project is to be developed in Los Angeles, California and is more fully described on Exhibit A attached to the Loan Agreement (the “Phase I Site”);

C. Authority is making available to the Borrower multiple loans to fund the development of the Project (collectively, 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.

D. Guarantor is an Affiliate of the Borrower, has a substantial financial interest in the business and affairs of the Borrower and will receive substantial economic benefit should the Borrower be permitted to develop the Project in the manner and in accordance with the terms of the Loan Agreement.

THEREFORE, to induce the Authority to enter into the Loan Agreement and make the Loan to the Borrower, and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. Defined Terms. Capitalized terms used in this Guaranty and not otherwise defined shall have the meaning prescribed in the Loan Agreement.

2. Loan Agreement. Guarantor acknowledges receipt of a copy of the Loan Agreement and all of the instruments described therein and/or attached thereto. The Loan Agreement is incorporated herein by this reference as though fully set forth herein. “Loan Agreement” as used herein shall mean, refer to and include the Loan Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference), heretofore or hereinafter entered into by the Authority and
the Borrower or other documents expressly incorporated by reference in the Loan Agreement.

2. **Guaranty.** Guarantor hereby guarantees the performance by the Borrower of (a) its obligation to complete development of the Project pursuant to the terms and conditions set forth in the Loan Agreement. Without limiting the generality of the foregoing, Guarantor guarantees that: (i) such development shall be completed substantially within the time limits set forth in the Loan Agreement, subject to force majeure delays; (ii) the Project shall be constructed and completed substantially in accordance with the Scope of Development attached to the Loan Agreement at Exhibit C, the Construction Plans, the Approved Development Budget and the other provisions of the Loan Agreement, as the same may be modified from time to time in accordance with the Loan Agreement (collectively, the “Phase I Development Plan”); (iii) the Project shall be developed and completed free and clear of any mechanic’s liens, materialmen’s liens and equitable liens; and (iv) all costs of construction shall be paid or otherwise discharged prior to delinquency; and (b) each of its indemnity obligations set forth in Sections 4.7 and 7.4 of the Loan Agreement.

3. **Lien Free Completion.** Substantial completion of development of the Project free and clear of liens shall be deemed to have occurred upon (“Lien Free Completion”): (a) (i) the Authority’s receipt of all required occupancy permit(s) for the Project (if any) issued by the local government agency having jurisdiction and authority to issue same, and (ii) the expiration of the statutory period(s) within which valid mechanic’s liens, materialmen’s liens and/or stop notices may be recorded and/or served by reason of the development of the Project, or, alternatively, the Authority’s receipt of valid, unconditional releases thereof from all persons entitled to record said liens or serve said stop notices; or (b) the Authority’s receipt of such other evidence of lien free completion as the Authority deems satisfactory in its reasonable discretion.

4. **Obligations of Guarantor Upon Default by Borrower.** If the Project is not substantially completed within the time required by the Loan Agreement, Guarantor shall, within thirty (30) days of receipt of written demand of the Authority: (a) diligently proceed to complete the Project at Guarantor’s sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the Project; and (c) release and discharge all claims of stop notices, mechanic’s liens, materialmen’s liens and equitable liens that may arise in connection with the Project.

5. **Remedies.** If Guarantor fails to promptly perform its obligations under this Guaranty after written demand by the Authority, the Authority shall have the remedy, from time to time and without first requiring performance by the Borrower, to bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by the Authority as a direct consequence of the failure of Guarantor to perform its obligations.

6. **Rights of the Authority.** Guarantor authorizes the Authority, without giving notice to Guarantor or obtaining Guarantor’s consent and without affecting the liability of Guarantor, from time to time to approve modifications to the Phase I Development Plan so long as such modifications do not materially increase the cost of developing the Project nor materially increase the time necessary to complete the Project.
7. **Guarantor’s Waivers.** Guarantor waives: (a) any defense based upon any legal disability or other defense of the Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of the Borrower from any cause other than full payment and performance of those obligations of the Borrower which are guaranteed hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of the Borrower or any principal of the Borrower or any defect in the formation of the Borrower or any principal of the Borrower; (c) any and all rights and defenses arising out of an election of remedies by the Authority, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor’s rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (d) any defense based upon the Authority’s failure to disclose to Guarantor any information concerning the Borrower’s financial condition or any other circumstances bearing on the Borrower’s ability to pay and perform its obligations under the Loan Agreement; (e) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (f) any defense based upon the Authority’s election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (g) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (h) any right of subrogation, any right to enforce any remedy which the Authority may have against the Borrower and any right to participate in, or benefit from, any security for the Loan now or hereafter held by the Authority; (i) presentment, demand, protest and notice of any kind; and (j) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor further waives any and all rights and defenses that Guarantor may have because the Borrower’s debt is secured by real property; this means, among other things, that: (1) the Authority may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by the Borrower; (2) if the Authority forecloses on any real property collateral pledged by the Borrower, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) the Authority may collect from Guarantor even if the Authority, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from the Borrower. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections.

8. **Guarantor’s Warranties.** Guarantor warrants and acknowledges that: (a) the Authority would not enter into the Loan Agreement or make the Loan but for this Guaranty; (b) Guarantor has reviewed all of the terms and provisions of the Loan Agreement; (c) Guarantor has established adequate means of obtaining from sources other than the Authority, on a continuing
basis, financial and other information pertaining to the Borrower’s financial condition, the Phase I Site, the progress of construction of the Project, and the status of the Borrower’s performance of its obligations under the Loan Agreement, and the Authority has made no representation to Guarantor as to any such matters; and (d) Guarantor has not and will not, without the prior written consent of the Authority, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor’s assets, or any interest therein, other than in the ordinary course of Guarantor’s business.

9. **Subordination.** Guarantor subordinates all present and future indebtedness owing by the Borrower to Guarantor to the obligations at any time owing by the Borrower to the Authority under the Loan Documents. Guarantor assigns all such indebtedness to the Authority as security for this Guaranty. Guarantor agrees to make no claim for such indebtedness until all obligations of the Borrower under the Loan Agreement with respect to the development of the Project have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless the Authority is given prior notice and such assignment is expressly made subject to the terms of this Guaranty. Nothing contained in the foregoing shall prohibit or prevent distributions, directly or indirectly, from the Borrower to Guarantor in the ordinary course of business except after the occurrence of a Borrower and/or Guarantor default.

10. **Disclosure of Information.** Guarantor agrees that the Authority may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to the Authority, in all cases subject to the Authority’s typical confidentiality practices, with respect to: (a) the Phase I Site and the Project and their operation; (b) any party connected with the Loan Agreement (including, without limitation, the Guarantor, the Borrower, any partner of the Borrower, any constituent partner of the Borrower, any other guarantor and any non-borrower trustor); and/or (c) any lending relationship which the Authority may have with any party connected with the Project. In the event of any such sale, assignment or participation, the Authority and the parties to such transaction shall share in the rights and obligations of the Authority as set forth in the Loan Agreement only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Guarantor further agrees that the Guaranty shall be sufficient evidence of the obligations of Guarantor to each purchaser, assignee, or participant, and upon written request by the Authority, Guarantor shall consent to such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment, or participation.

11. **Additional, Independent and Unsecured Obligations.** This Guaranty is independent of the obligations of the Borrower under the Loan Documents. The Authority may bring a separate action to enforce the provisions hereof against Guarantor without taking action against the Borrower or any other party or joining the Borrower or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.

12. **Attorneys’ Fees; Enforcement.** If any attorney is engaged by the Authority to enforce or defend any provision of this Guaranty, or the Loan Agreement relating to the development of
the Project, Guarantor shall pay to the Authority, immediately upon demand all reasonable attorneys’ fees and costs incurred by the Authority in connection therewith.

13. **Rules of Construction.** If this Guaranty is executed by more than one person, the term “Guarantor” shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

14. **Governing Law.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to the Authority under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.

15. **Miscellaneous.** The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and the Authority. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.

16. **Termination.** Notwithstanding any earlier termination of the Loan Agreement, this Guaranty and all of Guarantor’s obligations hereunder shall terminate and be of no further force and effect upon Lien Free Completion, as defined in Section 3.

17. **Subordination.** Notwithstanding anything contained in this Guaranty to the contrary, this Guaranty shall be subject and subordinate to a prior and superior guaranty made by any Guarantor in favor of MUFG Union Bank, N.A. (“Construction Lender”); provided, however, if the Construction Lender is not diligently and continuously pursuing Lien Free Completion under the superior guaranty, the Authority shall have the right to fully pursue all remedies hereunder.

17. **Enforceability.** Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of the Authority’s consideration for entering into this transaction, the Authority has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of that type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to the Authority that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor.
of waiving such defenses.

[signature on following page]
IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date appearing on the first page of this Guaranty.

GUARANTOR:

THE RELATED COMPANIES, L.P.,
a New York limited partnership

By: The Related Realty Group, Inc.,
its general partner

By: _______________________
Name: _______________________
Title: _______________________
EXHIBIT I

Investor Rider

This Investor Rider is attached to and made a part of the promissory notes, the deeds of trust, and loan agreement or other document(s) evidencing, securing, and governing a bridge loan in the approximate original amount of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)] (the "Authority Gap Loan") and a loan of Infill Infrastructure Grant funds in the approximate original amount of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)] (the “Authority IIG Loan” and together with the Authority Gap Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The [Amended and Restated Agreement of Limited Partnership] 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. **Recourse/Non-recourse Obligation.** The Loan is a recourse obligation of the Borrower.

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 Related/Rose Hill Courts I Development Co., 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

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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. 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.

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:

_________________

_________________

_________________

with a copy to:

_________________

_________________

_________________

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.

[signature page(s) follow]
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: _________________________________

Douglas Guthrie
President and Chief Executive Officer
BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc, a California nonprofit
public benefit corporation,
Its sole member

By: _______________________________
    Tina Smith-Booth
    President
AUTHORITY GAP NOTE
(Rose Hill Courts Phase I)

[$8,350,000.00] Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)] (the “Authority Gap Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority Gap Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as 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) This Note shall bear simple interest at three percent (3%) per annum, commencing at Closing.

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

   (i) [From Cost Savings and Additional Proceeds as set forth in the Loan Agreement]; and

   (ii) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority Gap 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 Gap Loan shall be due and payable on the Loan Maturity Date as defined in the Loan Agreement. The entire principal
balance of and all interest accrued on the Authority Gap Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority Gap Loan (the “Deed of Trust”) of even date herewith between the Borrower and 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 Gap Loan. It may not be modified except upon written consent of the parties.

(g) 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 Gap 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 Gap Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan, Permanent Loan and HCD Loan.

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

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
   Frank Cardone
   President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
   Tina Smith-Booth
   President
Exhibit A

Distribution of Net Cash Flow

[attached]
Exhibit A
Distribution of Net Cash Flow

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have the meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed, in the following order of priority:

Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, an amount equal to the payment due and owing under Section 5.01(d) or Section 8.08(c) of the Partnership Agreement shall be distributed to the Investor Limited Partner in satisfaction of such obligation;

(ii) next, any other amounts due and owing to the Investor Limited Partner pursuant to this Agreement, including any unpaid Asset Management Fee;

(iii) next, repayment of any Partner Loan made by the Investor Limited Partner;

(iv) next, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.14 of the Partnership Agreement;

(v) next, to the payment of amounts due with respect to any Operating Deficit Loan(s), or loans made pursuant to Section 8.08(a)(iii) of the Partnership Agreement, or Partners Loan made by a General Partner until such Loan(s) is repaid;

(vi) next, to the payment of any accrued and unpaid Partnership Management Fee;

(vii) next, to the payment of the Development Fee until fully paid;

(viii) next, 50% to the repayment of the Second Permanent Loan, Third Permanent Loan, Fourth Permanent Loan, and the Fifth Permanent Loan;

(ix) next, any remaining amount up to an amount equal to 67.5% of Net Cash Flow, to the Administrative General Partner and 22.49% to the Managing General Partner until there shall have been cumulative distributions in the aggregate equal to the General Partner's Special Capital Contribution, if any; and then 67.5% to the Administrative General Partner and 22.49% to the Managing General Partner as an incentive management fee; and

(x) finally, any remaining amount to the Partners in accordance with their respective Interests.
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

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY GAP LOAN
(Rose Hill Courts Phase I)

THIS 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 Rose Hill Courts I Housing Partners, L.P., 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”).

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, granted pursuant to the Ground Lease (as hereinafter defined), 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 Gap Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement (as defined herein) in the maximum original amount of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)]. The Authority Gap Loan shall be evidenced by the Authority Gap Note.

(b) “Authority Gap Note” shall mean the Authority Gap Note of even date herewith evidencing the Authority Gap Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority Gap Note are on file with Beneficiary and terms and provisions of the Authority Gap Note are incorporated herein by reference.

(c) “Ground Lease” means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of substantially even date herewith, pursuant to which Trustor holds a leasehold interest in the Property.

(d) “Loan” means the Authority Gap Loan.

(e) “Loan Agreement” means that certain Authority Loan Agreement between Trustor and Beneficiary dated concurrently herewith, providing for the Beneficiary to loan to Trustor the Authority Gap Loan and Authority IIG Loan (as defined in the Loan Agreement) for certain development costs and permanent financing related to the development of the Property.

(f) “Loan Documents” means this Deed of Trust, the Authority Gap Note, the Authority Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(g) “Note” means the Authority Gap Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.).

(h) “Principal” means the principal amount required to be paid under the Note.

(i) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.

(j) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(k) “Senior Loan” means (1) that certain tax-exempt construction loan from MUFG Union Bank, N.A. (“Union”), in the approximate amount of [Thirty One Million Eight Hundred
Forty-Three Thousand Six Hundred Thirty-Two Dollars ($31,843,632.00), funded from tax-exempt bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Sixteen Million Six Hundred Eighty-Five Thousand Dollars ($16,685,000.00)] and (2) that certain taxable construction loan from Union, in the approximate amount of [Six Million Four Hundred Fifty-Four Thousand Four Hundred Eighty-One Dollars ($6,454,481.00)], funded from taxable bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

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 transferee 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:
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;

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

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

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.

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 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 fact 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 expedient 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
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 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:**

**ROSE HILL COURTS I HOUSING PARTNERS, L.P.**, a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC, a California limited liability company
   its administrative general partner

By: ________________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC, a California limited liability company
   its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
   its sole member

By: ________________________________
    Tina Smith-Booth
    President

*[NOTARY BLOCKS 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, ______________________, 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_____________________
EXHIBIT A

Legal Description

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
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 Gap Loan from the Authority in the maximum principal amount of [Eight Million Three Hundred Fifty Thousand Thousand Dollars ($8,350,000.00)] (the “Authority Gap Loan” or the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Borrower” or the "Partnership") for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership 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. **Recourse/Non-Recourse Obligation.** The Loan is a recourse obligation of the Borrower.

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 Related/Rose Hill Courts I Development Co., 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. 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.

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: Raymond James California Housing Opportunities Fund X L.L.C. c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Attention: Steven J. Kropf, President

with a copy to: Nixon Peabody LLP
EXHIBIT B- INVESTOR RIDER
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 on Following Page]
In Witness Whereof, the undersigned have caused this Rider to be executed this ___ day of ____________, 2021.

LENDER:

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

By: _________________________
    Douglas Guthrie
    President and Chief Executive Officer
BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: ______________________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
    public benefit corporation
    its sole member

By: ______________________________________
    Tina Smith-Booth
    President
EXHIBIT C

RAD Rider to Loan Documents

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 ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”), in connection with a Gap loan of [Eight Million Three Hundred Fifty Thousand Dollars ($8,350,000.00)] by the Authority to the Borrower to be used for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”) on real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (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. RAD Regulatory Documents. By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that eleven (11) units in the Project 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. 114-235, 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 H-2019-09 PIH 2019-23 (HA) (September 5, 2019), 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)) executed with the Project. 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:**

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _____________________________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _____________________________________________
Tina Smith-Booth
President

[NOTARY BLOCKS 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, ________________________, 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 ______________________
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, __________________________, 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 __________________________
AUTHORITY IIG NOTE  
(Rose Hill Courts Phase I)

[$3,519,300.00] Los Angeles, California
As of _______, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,000.00)] (the “Authority IIG Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority IIG Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as 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 and the IIG 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) This Note shall not bear interest.

(c) All principal and interest owed under this Note is due in full on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority IIG Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority IIG Loan (the “Deed of Trust”) of even date herewith between the Borrower and 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 IIG Loan. It may not be modified except upon written consent of the parties.

(g) 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 IIG 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 IIG Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan, Permanent Loan and HCD Loan.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

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

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY JIG LOAN
(Rose Hill Courts Phase I)

THIS 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 Rose Hill Courts I Housing Partners, L.P., 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”).

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, granted pursuant to the Ground Lease (as hereinafter defined), 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 IIG Loan”** shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)], consisting of Infill Infrastructure Grant funds awarded to the Authority pursuant to the IIG Requirements (as defined in the Loan Agreement). The Authority IIG Loan shall be evidenced by the Authority IIG Note.

(b) **“Authority IIG Note”** shall mean the Authority IIG Note of even date herewith evidencing the Authority IIG Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority IIG Note are on file with Beneficiary and terms and provisions of the Authority IIG Note are incorporated herein by reference.

(c) **“Ground Lease”** means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of substantially even date herewith, pursuant to which Trustor holds a leasehold interest in the Property.

(d) **“Loan”** means the Authority IIG Loan.

(e) **“Loan Agreement”** means that certain Authority Loan Agreement between Trustor and Beneficiary dated concurrently herewith, providing for the Beneficiary to loan to Trustor Authority IIG Loan and the Authority Bridge Loan (as defined in the Loan Agreement) for certain development costs and permanent financing related to the development of the Property.

(f) **“Loan Documents”** means this Deed of Trust, the Authority IIG Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(g) **“Note”** means the Authority IIG Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.).

(h) **“Principal”** means the principal amount required to be paid under the Note.

(i) **“Senior Deed of Trust”** means any deed of trust to which this deed of trust is subordinated.
(j) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(k) “Senior Loan” means (1) that certain tax-exempt construction loan from MUFG Union Bank, N.A. (“Union”), in the approximate amount of [Thirty One Million Eight Hundred Forty-Three Thousand Six Hundred Thirty-Two Dollars ($31,843,632.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Sixteen Million Six Hundred Eighty-Five Thousand Dollars ($16,685,000.00)] and (2) that certain taxable construction loan from Union, in the approximate amount of [Six Million Four Hundred Fifty-Four Thousand Four Hundred Eighty-One Dollars ($6,454,481.00)], funded from taxable bond proceeds pursuant to a funding loan from Union to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

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,
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 transferee 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: General Counsel

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

If to Trustor:  
Rose Hill Courts I Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Ave., Suite 900  
Irvine, CA 92612  
Attention: Frank Cardone

with copy to:  
Bocarsly Emden Cowan Esmail & Arndt LLP  
633 West Fifth Street, 64th Floor  
Los Angeles, CA 90071  
Attn: Lance Bocarsly

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 or 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 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:**

**ROSE HILL COURTS I HOUSING PARTNERS, L.P.,**
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
Tina Smith-Booth
President

[NOTARY BLOCKS 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, ________________________,
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, ________________________ (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____________________
EXHIBIT A

Legal Description

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

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN 5305-011-900
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 loan of Infill Infrastructure Grant funds in the approximate original amount of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)] (the “Authority IIG Loan” or the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Rose Hill Courts I Housing Partners, L.P., a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership 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. **Recourse/Non-Recourse Obligation.** The Loan is a recourse obligation of the Borrower.

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 Related/Rose Hill Courts I Development Co., 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. 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.

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 proceedings 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 proceedings 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: Raymond James California Housing Opportunities Fund X L.L.C. c/o Raymond James Tax Credit Funds, Inc. 880 Carillon Parkway St. Petersburg, Florida 33716 Attention: Steven J. Kropf, President

with a copy to: 
Nixon Peabody LLP 
Exchange Place
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 on Following Page]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ________________, 2021.

LENDER:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
BORROWER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
    public benefit corporation
    its sole member

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT C

RAD Rider to Loan Documents

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 ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”), in connection with a loan of [Three Million Five Hundred Nineteen Thousand Three Hundred Dollars ($3,519,300.00)] by the Authority to the Borrower to be used for the construction of approximately eighty-nine (89) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”) on real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (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. RAD Regulatory Documents. By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that eleven (11) units in the Project 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. 114-133, approved December 16, 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 H-2019-09 PIH 2019-23 (HA) (September 5, 2019), 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)) executed with the Project. 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:**

**ROSE HILL COURTS I HOUSING PARTNERS, L.P.**, a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC, a California limited liability company
its administrative general partner

By: _______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC, a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
Tina Smith-Booth
President

*[NOTARY BLOCKS 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, ____________________________,
(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 __________________________
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 ______________________
AUTHORITY:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer

[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, ________________________________, 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 __________________
SUBORDINATION AND INTERCREDITOR AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR RIGHTS UNDER CERTAIN AGREEMENTS RELATING TO CERTAIN REAL PROPERTY BECOMING SUBJECT TO, AND OF LOWER PRIORITY THAN, THE LIEN OF A SECURITY INTEREST.

This SUBORDINATION AND INTERCREDITOR AGREEMENT (this “Agreement”), made as of the first day of May, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (“Subordinating Party”), whose address is 2600 Wilshire Boulevard, 3rd Floor, Los Angeles, CA 90057, Attn: President and Chief Executive Officer, with copies to Housing Authority of the City of Los Angeles, 2600 Wilshire Boulevard, 3rd Floor, Los Angeles, CA 90057, Attn: General Counsel, and Reno & Cavanaugh, PLLC, 455 Massachusetts Avenue NW, Suite 400, Washington, DC 20001, Attn: Megan Glasheen, and MUFG UNION BANK, N.A. (“Bank”), in its capacity as assignee of the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Governmental Lender”), whose address is MUFG Union Bank, N.A., Real Estate Industries Middle Office, 145 S. State College Boulevard, Suite 600, Brea, California 92821, Attention: Manager, is made with reference to the following facts:

A. Unless expressly defined herein, all capitalized terms used herein shall have the meanings ascribed to them in Appendix I attached hereto and made a part hereof.

B. Borrower is the owner (or, concurrently with the recording of this Agreement, will be the owner) of a leasehold interest in the Property, which Property is more particularly described in Exhibit “A” attached hereto and made a part hereof.

C. Borrower and Subordinating Party have heretofore entered into or, concurrently herewith, are entering into, those certain loan documents more particularly described in Exhibit “B” attached hereto (collectively, “Subordinating Party’s Loan Documents”), pursuant to the terms of which Subordinating Party shall make to Borrower (i) a $3,519,300 loan (“Subordinating Party’s Infill Loan”), which Subordinating Party’s Infill Loan is secured by, among other things, that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (Authority IIG Loan) dated May 1, 2021 (“Subordinating Party’s Infill Deed of Trust”), (ii) a $7,100,000 loan (“Subordinating Party’s Acquisition Loan”), which Subordinating Party’s Acquisition Loan is secured by, among other things, that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (Authority Acquisition Loan) dated May 1, 2021 (“Subordinating Party’s Acquisition Deed of Trust”), and (iii) a $8,350,000 loan (“Subordinating Party’s Gap Loan” and collectively with Subordinating Party’s Infill Loan and Subordinating Party’s Acquisition Loan, “Subordinating Party’s Loan”), which Subordinating Party’s Gap Loan is secured by, among other things, that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (Authority Gap Loan) dated May 1, 2021 (“Subordinating Party’s Gap Deed of Trust”). Each of the Subordinating Party’s Infill Deed of Trust,
Subordinating Party’s Acquisition Deed of Trust and Subordinating Party’s Gap Deed of Trust are executed by Borrower for the benefit of Subordinating Party and recorded concurrently herewith in the Official Records of Los Angeles County, California ("Official Records"), and encumber the leasehold interest in the Property and all Improvements to be constructed thereon. Subordinating Party’s Infill Deed of Trust, Subordinating Party’s Acquisition Deed of Trust and Subordinating Party’s Gap Deed of Trust are sometimes hereinafter referred to as “Subordinating Party’s Security Documents”.

D. Concurrently herewith, Borrower, Governmental Lender and Bank are entering into the Borrower Loan Agreement, pursuant to the terms of which Governmental Lender shall make to Borrower the Borrower Loan to cover a portion of the cost of constructing the Improvements and certain other costs related thereto, which Borrower Loan is evidenced by the Borrower Note, made by Borrower to the order of Governmental Lender, and secured by, among other things, the Deed of Trust, executed by Borrower for the benefit of Governmental Lender and Bank, and encumbering the Property and all Improvements to be constructed thereon. The Borrower Loan Agreement, the Borrower Note, the Deed of Trust and all other documents evidencing, securing or pertaining to the Borrower Loan are sometimes hereinafter collectively referred to as the “Borrower Loan Documents”. All right, title and interest of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents have been assigned to Bank.

E. As a condition precedent to Governmental Lender’s and Bank’s making the Borrower Loan, Governmental Lender and Bank require that the Deed of Trust shall unconditionally be and remain at all times a lien or charge against the Project which is prior and superior to the liens or charges of Subordinating Party’s Security Documents.

NOW, THEREFORE, in consideration of Governmental Lender’s and Bank’s making the Borrower Loan to Borrower, and in consideration of the mutual promises and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Governmental Lender and Bank to make the Borrower Loan to Borrower, the parties to this Agreement do hereby agree as follows:

1. SUBORDINATION OF SUBORDINATING PARTY’S SECURITY DOCUMENTS. The Deed of Trust, and any and all renewals or extensions thereof and all amendments and modifications hereafter made thereto, and any and all disbursements made by Governmental Lender to or for the account or benefit of Borrower the repayment of which is secured thereunder, shall unconditionally be and remain at all times a lien or charge against the Project that is prior and superior to the liens or charges of Subordinating Party’s Security Documents, to the same extent and purpose as though Subordinating Party’s Security Documents had been executed and recorded subsequent to the recording of the Deed of Trust and the making of each disbursement or advance made by Governmental Lender to Borrower the repayment of which is secured by the Deed of Trust, regardless of whether Borrower, at the time of any such disbursement or advance, may have been in default under the Borrower Loan Agreement, the Deed of Trust, or any of the other the Borrower Loan Documents and regardless of whether Governmental Lender was obligated to make any such disbursement or advance. Notwithstanding the foregoing, Governmental Lender and Bank shall not amend or modify the terms of the Borrower Loan and/or the Borrower Loan Documents without the prior written consent of the Subordinating Party if such amendment or modification has the effect of: (i) increasing or decreasing the amount of the Borrower Loan, except in the case of sums advanced by Governmental Lender or Bank in exercising their rights and remedies under the Borrower Loan Documents or as otherwise provided in Paragraph 2 of this Agreement; (ii) increasing the annual interest rate(s), including the default rate, above the rate(s) described in the Borrower Note; or (iii) modifying the maturity date to be sooner than the stated maturity date of the Borrower Note.

2. ALL DISBURSEMENTS UNDER THE BORRROWER LOAN SECURED BY THE DEED OF TRUST. Notwithstanding anything to the contrary set forth in the Borrower Loan Agreement or any other agreement among Governmental Lender, Bank and Borrower with respect to the disbursement of all or any portions of the proceeds of the Borrower Loan, any and all disbursements made by Governmental Lender to or for the account or benefit of Borrower or the Project in connection with the following, whether or not Governmental Lender is obligated to make such disbursements pursuant to the Borrower Loan Documents: (a) any costs or expenses incurred in complying with any laws, rules, regulations, or statutes or any
directives of any governmental agencies or authorities having or exercising jurisdiction over the Project; (b) any sums advanced to pay for the cost of completing the construction of the Project, Project cost overruns and/or to lease-up and stabilize the Project made by Governmental Lender or Bank; and (c) any sums advanced by Governmental Lender or Bank for the payment of real estate taxes or assessments or insurance premiums, or any other sums advanced or obligations incurred by Governmental Lender or Bank in connection with the protection or preservation of any security given to Governmental Lender or Bank with respect to the Borrower Loan, including, without limitation, interest thereon shall be deemed to be, and in all events shall be, secured by the Deed of Trust and, as so secured, and regardless of whether Borrower at the time of any such disbursements may have been in default under the Borrower Loan Documents and regardless of whether Governmental Lender or Bank were obligated to make any such disbursements, shall be and remain a lien or charge against the Project that is unconditionally prior and superior to the lien and effect of Subordinating Party’s Security Documents.

3. APPLICATION OF PAYMENTS UNDER SUBORDINATING PARTY’S LOAN. Until such time as all amounts outstanding under the Borrower Loan have been indefeasibly paid in full, prior to the occurrence of an Event of Default (as such term is defined in the Borrower Loan Documents), Subordinating Party shall be entitled to receive and retain payments made pursuant to and in accordance with the Subordinating Party’s Loan Documents; provided, however, that no such payment is made more than ninety (90) days in advance of its scheduled due date. Upon the occurrence of an Event of Default under the Borrower Loan Documents, all amounts (including, without limitation, all insurance proceeds and condemnation awards) received by Subordinating Party from, or for the account of, Borrower under Subordinating Party’s Loan, after notice to Subordinating Party of such Event of Default, shall be immediately remitted to Bank at the address set forth above to be applied by Governmental Lender in reduction of amounts outstanding under the Borrower Loan, in such amounts and in such order as Bank shall determine. In the event that any payment is made to Subordinating Party which is not permitted under this Agreement, such payment shall be held by Subordinating Party in trust for the benefit of Governmental Lender and Bank and shall be paid immediately to Bank for application to the payment of all of the indebtedness and obligations remaining unpaid under the Borrower Loan. Without limiting the complete subordination of the Subordinating Party’s Loan to the payment in full of the Borrower Loan, in any bankruptcy, insolvency, receivership or proceeding, upon any payment or distribution to creditors, Governmental Lender and Bank shall be paid in full in cash before the Subordinating Party shall be entitled to receive any payment or other distribution on account of or in respect to the Subordinating Party’s Loan and, until the entire Borrower Loan is paid in full in cash, any payment or distribution to which the Subordinating Party will be entitled but for this Agreement (whether in cash, property or other assets) shall be paid to Bank.

4. SUBORDINATION TO MODIFICATION OF BORROWER LOAN. If Governmental Lender and Bank extend or otherwise modify the terms of the Borrower Loan (including any amendment or modification which requires the Subordinating Party’s prior written consent pursuant to Paragraph 1 and for which Subordinating Party has granted such consent), Subordinating Party, upon 45 days’ prior notice to Subordinating Party, shall execute a new subordination agreement, in the form of this Agreement, confirming Subordinating Party’s subordination of the effect of Subordinating Party’s Security Documents against the Project to the lien or charge of the Deed of Trust. In the event that consent from the Subordinating Party is not required hereunder or such consent has been obtained, the execution of such new subordination agreement, however, shall not be a condition to the effectiveness of the subordination of Subordinating Party’s Security Documents against the Project to the lien or charge of the Deed of Trust, which subordination shall be automatic.

5. [INTENTIONALLY DELETED].

6. BANK RIGHT TO CURE DEFAULT UNDER SUBORDINATING PARTY’S LOAN. Upon the occurrence of a default under the Subordinating Party’s Loan, Subordinating Party shall: (a) concurrently with notifying Borrower of the occurrence of such event of default, notify Bank at its address set forth above of the occurrence of such default or event of default; (b) permit Bank to cure or correct (provided that such event of default is curable) any such event of default within thirty (30) calendar days after receipt of such notice (“Bank Cure Period”); provided, however, that Subordinating Party has the
continuing right to commence to pursue its remedies under the Subordinating Party’s Loan Documents on account of such default during the Bank Cure Period, including but not limited to the right to accelerate the Subordinating Party’s Loan, record a notice of default and to obtain a receiver; provided further, that if the cure is completed during the Bank Cure Period, Subordinating Party will rescind any notice of default after reimbursement of all of its costs incurred in connection with the default, including, without limitation, attorneys’ fees and court costs; and (c) accept all payments and all acts done by Bank on behalf of Borrower within the Bank Cure Period as though the same had been timely done and performed by Borrower, so that such acts and payments shall fully and totally cure and correct all such defaults, breaches, failures or refusals for all purposes.

7. INTERCREDITOR AGREEMENT.

(a) Amendments and Modifications To Subordinating Party’s Loan Documents. Borrower and Subordinating Party shall not modify, amend or in any way change or supplement the provisions of the Subordinating Party’s Loan Documents without the prior written consent of Bank (which consent will not be unreasonably withheld, except as provided below); any such purported modification, amendment, change or supplement without Bank’s prior written consent shall be null and void and shall have no force or effect whatsoever. Notwithstanding the foregoing, the Bank may withhold its consent in its sole and absolute discretion to any modification or amendment of the Subordinating Party’s Loan Documents which has the effect of: (i) increasing or decreasing the amount of the Subordinating Party’s Loan, except in the case of sums advanced by Subordinating Party in exercising its rights and remedies under the Subordinating Party’s Loan Documents; (ii) increasing the annual interest rate(s), including the default rate, above the rate(s) described in the Subordinating Party’s Note; or (iii) modifying the maturity date to be sooner than the stated maturity date of the Subordinating Party’s Note; (iv) changing the terms of prepayment, (v) changing the conditions and procedure for disbursing loan proceeds to pay the Project costs; (vi) changing the terms and conditions for application of insurance or condemnation proceeds; (vii) changing the terms of what would constitute an event of default by the Borrower; or (viii) requiring the payment of fixed amounts on the Subordinating Party’s Loan.

(b) Waivers by Borrower Under Subordinating Party’s Loan Documents. No waiver (whether express or by failure to provide notice of the contrary) by Borrower of its rights under the Subordinating Party’s Loan Documents shall be effective or valid unless Bank has approved (which approval may be withheld by Bank in its sole and absolute discretion) such waiver in writing; any such waiver without Bank’s prior written approval shall be null and void and shall have no force or effect whatsoever.

8. RECEIPT AND APPLICATION OF INSURANCE PROCEEDS AND CONDEMNATION AWARDS; RECEIPT AND APPLICATION OF PROCEEDS FROM BONDS.

(a) Receipt and Application of Insurance Proceeds and Condemnation Awards. Notwithstanding anything stated to the contrary in any of Subordinating Party’s Security Documents, so long as the Deed of Trust continues to encumber all or portions of the Project, all insurance proceeds that may become available from time to time as a result of damage or destruction to all or portions of the Improvements and all condemnation awards that may become available from time to time as a result of the condemnation of all or portions of the Project shall be held by Bank, disbursed by Bank and applied by Bank in accordance with the terms and conditions of the Deed of Trust and the other the Borrower Loan Documents and Subordinating Party shall have no right to hold, disburse or apply any of such proceeds and/or awards. Without limiting the generality of the foregoing, the Bank shall have all approval, consent and oversight rights in connection with any insurance claims or condemnation proceedings related to the Property and any decision regarding the use of insurance proceeds after a casualty loss or condemnation awards and Subordinating Party shall have no right to object to any such action or approval taken by Bank and shall consent thereto and be bound thereby. Subordinating Party shall execute such documents as Bank may require from time to time in order to assure compliance with the provisions of this Paragraph 8(a).
(b) Receipt and Application of Proceeds from Bonds. With respect to all labor and material bonds and/or completion bonds that are issued from time to time to assure payment and completion of the Improvements and which name Governmental Lender, Bank and Subordinating Party (or any other party) as dual obligees, all proceeds that may become available from time to time under such bonds shall be held by Bank and disbursed by Bank and Subordinating Party shall have no right to hold or disburse any of such proceeds. Subordinating Party shall execute such documents as Bank may require from time to time in order to assure compliance with the provisions of this Paragraph 8(b).

9. NOTICES. Any notice, demand or request required or permitted to be delivered hereunder shall be deemed to have been duly and properly given at the time of such delivery if personally delivered (which shall include (i) delivery by means of professional overnight courier service which confirms receipt in writing and (ii) transmission by telex or telefacsimile machine capable of confirming transmission and receipt), or if mailed, forty-eight (48) hours after deposit in United States registered or certified mail, postage prepaid, return receipt requested, addressed to Subordinating Party, Governmental Lender, or Bank, as the case may be, at their addresses set forth above.

10. ENTIRE AGREEMENT. This Agreement shall be the whole and only agreement with respect to the subordination of the effect of Subordinating Party’s Security Documents to the lien or charge of the Deed of Trust and all disbursements and advances made thereunder, and shall supersede and cancel any prior agreements as to such subordination, including without limitation any provisions contained in Subordinating Party’s Security Documents that provide for the subordination of the effect thereof to one or more deeds of trust.

11. SUBORDINATING PARTY’S REPRESENTATIONS, WARRANTIES, COVENANTS, CONSENTS, APPROVALS AND ACKNOWLEDGEMENTS. Subordinating Party hereby warrants, represents, declares, agrees and acknowledges as follows:

(a) For purposes of this Agreement, Subordinating Party acknowledges that Subordinating Party has been provided the opportunity to review the Borrower Loan Documents before executing this Agreement;

(b) Governmental Lender and Bank, in making disbursements pursuant to the Borrower Loan Agreement, are under no obligation or duty to insure, nor has Governmental Lender or Bank represented that it will insure, the proper application of such proceeds by the person(s) to whom Governmental Lender or Bank disburses such proceeds, and any application or use of such proceeds for purposes other than as provided in any such agreement shall not defeat or render invalid, in whole or in part, the subordination provided for in this Agreement;

(c) Governmental Lender and Bank have not made any warranty or representation of any kind or nature whatsoever to Subordinating Party with respect to (i) the application of the proceeds of the Borrower Loan being made by Governmental Lender to Borrower upon the security of the Deed of Trust, (ii) the value of the Property, the Improvements to be constructed thereon pursuant to the Borrower Loan Agreement, or the marketability or value thereof upon completion of such construction, or (iii) the ability of Borrower to honor its covenants and agreements with Governmental Lender, Bank or Subordinating Party;

(d) Governmental Lender’s and/or Bank’s release of any security for the Borrower Loan, including, without limitation, the reconveyance of any portion(s) of the Project from the lien of the Deed of Trust shall not constitute a waiver or relinquishment of Subordinating Party’s unconditional subordination of the liens or charges of Subordinating Party’s Security Documents against the Project to the lien or charge of the Deed of Trust, unless and until the Borrower Loan has been repaid in full and the lien or charge of the Deed of Trust has been reconveyed from the Project;

(e) Governmental Lender would not make the Borrower Loan to Borrower absent the execution of this Agreement by Subordinating Party;
(f) Governmental Lender and Bank have no duty to disclose to Subordinating Party any facts Governmental Lender or Bank may now know or hereafter know about Borrower or the partners or successors of Borrower, regardless of whether (i) Governmental Lender or Bank has reason to believe that any such facts may increase materially the risk beyond that which Subordinating Party intends to assume, (ii) Governmental Lender or Bank may have reason to believe that such facts are unknown to Subordinating Party, or (iii) Governmental Lender or Bank has a reasonable opportunity to communicate such facts to Subordinating Party, it being understood and agreed that Subordinating Party is fully responsible for being and keeping informed of the financial condition of Borrower and/or any partners or successors of Borrower and of all circumstances bearing on the risk of non-payment of any indebtedness of Borrower to Governmental Lender described in this Agreement;

(g) Subordinating Party has made such independent legal and factual inquiries and examinations as Subordinating Party deems necessary or desirable, and Subordinating Party has relied solely on said independent inquiries and examinations in entering into this Agreement;

(h) The Subordinating Party’s Loan Documents as described in Exhibit “B” attached hereto are all of the documents evidencing, securing or pertaining to Subordinating Party’s Loan, true, correct and complete copies thereof have been delivered to Bank and the Subordinating Party’s Loan Documents have not been amended or modified except as reflected thereon;

(i) As of the date set forth above, the Subordinating Party has no offset, defense, deduction or claim against Borrower under any of the Subordinating Party’s Loan Documents, Borrower is not in default under any of the Subordinating Party’s Loan Documents and the Subordinating Party knows of no event that has occurred or is continuing which, with the passage of time or the giving of notice, or both would constitute a default under any of the Subordinating Party’s Loan Documents;

(j) Each and every covenant, condition and obligation contained in the Subordinating Party’s Loan Documents required to be performed or satisfied as of the date hereof, and each and every matter required to be approved the Subordinating Party as of the date hereof, has been satisfied and/or approved and/or waived as applicable, including without limitation, the conditions set forth in Section 2.6 of the Subordinating Party’s Loan Agreement;

(k) Borrower is not obligated to commence construction of the Improvements until thirty (30) days after the closing of the Loan, and construction of the Improvements need not be completed until [June 1, 2023] [CHECK];

(l) [As of the date set forth above, except for the sum of [$_____________] of the Subordinating Party’s Gap Loan and the sum of [$_____________] of the Subordinating Party’s Infill Loan, the Subordinating Party’s Loan has been fully funded and Borrower’s use of such Subordinating Party’s Loan funds complies with the provisions of the Subordinating Party’s Loan Agreement.] [CHECK: CONFIRM TIMING OF DISTRIBUTION OF EACH HOUSING AUTHORITY LOAN]

(m) Notwithstanding anything stated to the contrary in the Subordinating Party’s Loan Documents, (i) the limited partner in Borrower shall have the right at any time and from time to time, without the approval or consent of the Subordinating Party, to assign, sell or otherwise transfer to any third party its limited partnership interest in Borrower, provided that Borrower provides notice to the Subordinating Party of such assignment, sale or transfer concurrently with such assignment, sale or transfer, and (ii) the general partner in Borrower shall have the right, without the approval or consent of the Subordinating Party, to pledge or otherwise encumber its partnership interest in Borrower to Governmental Lender and Bank and the foreclosure of such pledge by Governmental Lender or Bank shall not cause an event of default under the Subordinating Party’s Loan Documents;

(n) Notwithstanding anything stated to the contrary in the Subordinating Party’s Loan Documents, Subordinating Party’s interest in the plans and specifications and all data, drawings, contracts and agreements relating thereto and all contracts and agreements relating to the construction of the Improvements shall be subject and subordinate to Governmental Lender’s and Bank’s interest in the same;
(o) Notwithstanding anything stated to the contrary in the Subordinating Party’s Loan Documents, Subordinating Party’s rights in and to the leases and rents of the Property shall be subject and subordinate to the rights of Governmental Lender and Bank to same;

(p) Notwithstanding anything stated to the contrary in the Subordinating Party’s Loan Documents, the occurrence of an Event of Default under the Borrower Loan Documents shall not in and of itself constitute a default or an event of default under any of the Subordinating Party’s Loan Documents unless the occurrence of such event shall constitute a separate default under the Subordinating Party’s Loan Documents;

(q) The subordination of the Subordinating Party’s Loan shall continue in the event that any payment with respect to any Borrower Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, a receiver or other similar party under any bankruptcy, insolvency or receivership or similar law under any bankruptcy, insolvency, receivership or similar proceeding. In such event, the Borrower Loan or any part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return or other action, as if such payment on account of the Borrower Loan had not been made; and

(r) Subordinating Party shall not commence in or join with any other creditor in commencing any bankruptcy, insolvency, receivership or similar proceeding involving Borrower and Subordinating Party shall not initiate any action, motion or request in any such proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such proceeding. In the event of any such proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Borrower Loan shall first be paid in full before Subordinating Party shall be entitled to receive or retain any payment or distribution with respect to the Subordinating Party’s Loan. Subordinating Party agrees that (i) the Bank shall receive all payments and distributions of every kind or character in respect of the Subordinating Party’s Loan to which the Subordinating Party would otherwise be entitled, before the subordination provisions of this Agreement (including, without limitation, any payments or distributions during the pendency of any bankruptcy, insolvency, receivership or similar proceeding involving Borrower or the Property) until the Borrower Loan is repaid in full, and (ii) the subordination of the Subordinating Party’s Loan and the Subordinating Party’s Security Documents shall not be affected in any way by the Bank electing, under Section 1111(b) of the Federal Bankruptcy Code, to have its claim treated as being a fully secured claim. In addition, Subordinating Party hereby covenants and agrees that, in connection with such a proceeding involving Borrower, neither Subordinating Party nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Governmental Lender and Bank pursuant to the Borrower Loan Documents and (ii) not contest the continued accrual of interest on the Borrower Loan, in accordance with and at the rate specified in the Borrower Loan Documents, both for periods before and for periods after commencement of such proceeding.

12. INTENTIONALLY OMITTED.

13. ESTOPPEL CERTIFICATES. Either party shall, within twenty (20) days following the other party’s written request therefor, execute and deliver to such requesting party an estoppel certificate in form and substance reasonably satisfactory to the requesting party.

14. GOVERNING JURISDICTION; SUCCESSORS AND ASSIGNS. This Agreement shall be governed by the laws of the State of California and shall be binding upon, and shall inure to the benefit of, the parties to this Agreement and their respective successors and assigns.

15. SEVERABILITY. In case one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or
unenforceability shall not affect any other provisions hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein unless the effect thereof would materially alter the benefits or burdens hereof to the parties hereto.

16. THIRD PARTIES. Subordinating Party recognizes that Governmental Lender and Bank may show copies of this Agreement to other institutional lenders who are interested in the matters covered in this Agreement and Subordinating Party agrees that such other institutional lenders may also materially rely upon the representations, warranties and agreements made by the Subordinating Party in this Agreement.

17. Counterparts/Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words “execution,” “signed,” “signature,” and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

[Signature page follows]
WHEREAS, this Subordination Agreement has been executed by the parties as of the date first written above.

Bank:

MUFG UNION BANK, N.A.

By: _________________________________
Name: Joshua Evju
Title: Director

Subordinating Party:

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

By: ________________________________
Name: ______________________________
Title: ______________________________
JOINDER

Unless expressly defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Subordination Agreement (the “Subordination Agreement”) to which this Joinder is attached.

The undersigned hereby acknowledges receipt of a copy of the Subordination Agreement and, as owner of the leasehold estate in the Property, hereby consents to, approves and agrees to be bound by all of the terms and conditions set forth in the Subordination Agreement.

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: ___________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its manager

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 ________________________ (Seal)

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 ________________________ (Seal)
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 ________________________________ (Seal)

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 ________________________________ (Seal)
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.

__________________________________________________________ (Seal)
EXHIBIT “A”

LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows: Leasehold estate as created by that certain Ground Lease Agreement (“Ground Lease”) dated May 1, 2021, made by and between Housing Authority of the City of Los Angeles, a public body, corporate and politic, as lessor, and Rose Hill Courts I Housing Partners, L.P., a California limited partnership, as lessee, upon the terms and conditions contained in said Ground Lease and a memorandum thereof recorded concurrently herewith in the Official Records of Los Angeles County, in and to the following:

PHASE 1:

THOSE PORTIONS OF LOTS 1, 2, AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET; THENCE SOUTH 00°00’38” WEST, 174.46 FEET; THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

A PORTION OF APN: 5305-011-900
EXHIBIT “B”

SUBORDINATING PARTY’S LOAN DOCUMENTS

1. Authority Loan Agreement dated ________________, 2021, executed by and between Borrower and Subordinating Party (“Subordinating Party’s Loan Agreement”).

2. Authority IIG Promissory Note dated ________________, 2021, executed by Borrower in favor of Subordinating Party, in the amount of $3,519,300 (“Subordinating Party’s Infill Note”).

3. Authority Acquisition Promissory Note dated ________________, 2021, executed by Borrower in favor of Subordinating Party, in the amount of $7,100,000 (“Subordinating Party’s Acquisition Note”).


5. Subordinating Party’s Infill Deed of Trust.

6. Subordinating Party’s Acquisition Deed of Trust.

7. Subordinating Party’s Gap Deed of Trust.
APPENDIX I

DEFINITIONS

[TO BE INSERTED]
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

U.S. BANK NATIONAL ASSOCIATION

and

ROSE HILL COURTS I HOUSING PARTNERS, L.P.

relating to

$[PRINCIPAL AMOUNT-A]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021A

$[PRINCIPAL AMOUNT-C]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021C

Dated as of [May] 1, 2021
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REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Regulatory Agreement”), dated as of [May] 1, 2021, by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Authority”), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as fiscal agent for the Notes defined herein (the “Fiscal Agent”) and ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”).

W I T N E S S E T H :

WHEREAS, the Authority is a duly created housing authority, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of Los Angeles, California (the “City”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on [_________], 2021, the legislative body of the Authority adopted a resolution (the “Resolution”) authorizing the issuance of revenue notes in connection with financing the acquisition, construction, and equipping of an 89-unit (including a manager’s unit) multifamily rental housing project located in the City; and

WHEREAS, the Authority owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (hereinafter defined); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A in the aggregate principal amount of $[PRINCIPAL AMOUNT-A] and its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C in the aggregate principal amount of $[PRINCIPAL AMOUNT-C] (together, the “Notes”) to MUFG Union Bank, N.A. (the “Funding Lender”), proceeds of which will be used by the Governmental Lender to make a loan to the Borrower (the “Borrower Loan”) to enable the Borrower to finance a portion of the acquisition,
construction and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority has also issued its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B in the aggregate principal amount of $[6,454,481] (the “Taxable Note”) to the Funding Lender, proceeds of which will be used by the Governmental Lender to make a taxable loan to the Borrower; and

WHEREAS, the Authority and Borrower have entered into a Borrower Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Borrower Loan and the loan of the proceeds of the Taxable Note to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Notes, when issued as provided in the Funding Loan Agreement (defined herein), the valid, binding, and limited obligation of the Authority according to the import thereof, and to constitute the Funding Loan Agreement (as defined below) a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Notes, have been done and performed, and the creation, execution, and delivery of the Funding Loan Agreement, and the execution and issuance of the Notes, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (i) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (ii) a Person who together with
the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (iii) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (iv) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the Los Angeles County, California, Primary Metropolitan Statistical Area.

“Authority Fee” means the administrative fee of the Authority payable on the Closing Date in the amount of $[_____] (0.25% of maximum principal amount of Notes and the Taxable Note) and the ongoing administrative fee payable in advance on the Closing Date and every [May] 1 thereafter, commencing [May] 1, 2022, in the amount of $[_____] (0.125% of maximum principal amount of the Notes) until the Conversion Date and, on the first [May] 1 following the Conversion Date and thereafter, the ongoing administrative fee payable in an amount equal to 0.125% of the principal amount of the Notes outstanding immediately following the Conversion Date with a minimum annual fee of $4,000.

“Borrower Cost Certificate” means the Borrower Cost Certificate executed by the Borrower dated as of the Closing Date.

“Borrower Loan” has the meaning given to it in the recitals hereto.

“Borrower Loan Agreement” means that Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of [May] 1, 2021, by and among the Borrower, the Governmental Lender and Funding Lender, as amended, supplemented or restated from time to time.

“Borrower Loan Documents” shall have the meaning ascribed in it in the Borrower Loan Agreement.

“CDLAC” means the California Debt Limit Allocation Committee.

“CDLAC Conditions” has the meaning given such term in Section 27(a).

“CDLAC Resolution” means Resolution No. 20-194 adopted by CDLAC on December 21, 2020, awarding an allocation of $31,843,632 to the Project and the Notes.

“Certificate of Continuing Program Compliance” means the certificate with respect to the Project to be filed by the Borrower with the Authority and the Fiscal Agent, which shall be substantially in the form attached hereto as Appendix B.

“Closing Date” means the date of delivery of the Notes.

“Code” has the meaning given to it in the recitals hereto.
[“Completion Date” means the date when the acquisition, construction and equipping of the Project has been completed in accordance with the plans and specifications approved by the Funding Lender.]

“Construction Completion Certificate” means the certificate of completion of construction of the Project required to be delivered to the Authority, CDLAC and the Fiscal Agent by the Borrower substantially in the form of Appendix F hereof or such other form required or otherwise provided by CDLAC from time to time.

“Conversion Date” has the meaning given to it in the Borrower Loan Agreement.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Funding Lender” means MUFG Union Bank, N.A.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of [May] 1, 2021, among the Authority, the Funding Lender, and U.S. Bank National Association, as Fiscal Agent, pursuant to which the Notes and the Taxable Note have been issued, as amended or supplemented from time to time.

“Ground Lease” means the Ground Lease Agreement between the Authority and the Borrower dated as of [______________], 2021.

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.


“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.
“Inducement Date” means June 25, 2020, with respect to the Authority’s declaration of intent to issue multifamily housing revenue obligations in an aggregate principal amount not to exceed $55,000,000, in connection with the Project.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

“Low Income Units” means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

“Median Income for the Area” means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Notes” has the meaning given to it in the recitals hereto.

“Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as the date hereof and any amendment and restatement of the Partnership Agreement as either may be amended, restated or modified in accordance with its terms.

“Project” means the Project Facilities and the Project Site.

“Project Costs” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the sixtieth day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Tax Counsel.

“Project Facilities” mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Notes, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements. Project Facilities do not include retail sales facilities, leased office space,
commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“Project Site” means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, in which the Borrower holds a leasehold interest under the Ground Lease, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations § 1.103-8(a)(1), provided, however, that only such portion of interest accrued during construction of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction or rehabilitation of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date to reimburse costs paid with respect to the Project (within the meaning of § 1.150-2 of the Regulations) or the date of issue of the Notes, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Notes such costs were (A) costs of issuance of the Notes, (B) preliminary capital expenditures (within the meaning of Regulations § 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction or rehabilitation of the Project that do not exceed 20% of the aggregate issue price of the Notes (as defined in Regulations § 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding; (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates; or (d) such later date contained in the CDLAC Conditions.
“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Note” means the Authority’s Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B in the aggregate principal amount of $[6,454,481].

“Tax Credit Investor” means Raymond James California Housing Opportunities Fund X L.L.C., or its successors and assigns.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Notes, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Funding Loan Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.
Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire a leasehold interest in and construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Notes.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of proceeds of the Notes are accurately set forth in the Borrower Cost Certificate.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds of the Borrower Loan for Project Costs prior to the date that is 36 months after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Funding Lender are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Notes to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

(g) [reserved].

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Fiscal Agent and the Authority, signed by the Borrower, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (A) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction or rehabilitation have been paid for, and (B) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the plans, specifications, work write up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

(i) The foregoing certificate evidencing the Completion Date shall be delivered to the Fiscal Agent no later than the date 36 months from the Closing Date unless the
Borrower delivers to the Fiscal Agent a certificate of the Authority consenting to an extension of such date, accompanied by an opinion of Tax Counsel to the effect that such extension will not result in interest on the Notes being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of proceeds of the Notes (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of proceeds of the Notes spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation Section 1.103-8(a)(1)) so that the amount of proceeds of the Notes expended on such Qualified Project Costs is at least 97% of the amount of proceeds of the Notes spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Fiscal Agent and the Authority of an approving opinion of Tax Counsel indicating no adverse effect to the tax-exempt status of the Notes, the percentage of such amounts so used may be 95%.

(j) [Reserved].

(k) All workers performing construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages (“Prevailing Wages”) as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations and (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis–Bacon Act under 40 U.S.C.S. 3141–3148 and implementing regulations (“Davis-Bacon Wages”), if applicable.

(l) The Borrower shall comply with all applicable requirements of the Ground Lease and shall provide prompt written notice to the Authority and the Fiscal Agent of any default thereunder.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.
(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Tax Counsel that by reason of any such action the interest on the Notes (if any is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager’s unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers or any preference the Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law or pursuant to the Ground Lease or RAD Use Agreement (as defined in the Ground Lease).

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure,
transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Borrower Loan and cause the Notes to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

   (i) The household’s income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

   (ii) The household voluntarily moves or is evicted for “good cause.” For these purposes, “good cause” means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

   (iii) Fifty-five years after the date on which 50% occupancy is achieved.

   (iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower’s compliance with the provisions of subparagraph (j) above.

(l) The Borrower shall file with the Internal Revenue Service on or before each March 31 as long as the Notes remains outstanding, a completed IRS Form 8703, or successor form, and deliver to the Authority a written copy thereof.

Section 4. Low Income Units and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:
(a) During the Qualified Project Period, not less than 40% of the units in the
Project shall be designated as Low Income Units and shall be continuously occupied by or
held available for occupancy by Low Income Tenants at monthly rents that do not exceed
one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income
for the Area, as adjusted for household size. Household size is determined under
Section 34312.3(c)(1)(B) and (c)(2)(B) of the California Health and Safety Code consistent
with Section 42(g)(2)(C) of the Code, with the more restrictive limits being applicable.
Such Low Income Units shall be of comparable quality and offer a range of sizes and
number of bedrooms comparable to those units that are available to other tenants and shall
be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the
occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant
until a recertification of such tenant’s income in accordance with Section 4(c) below
demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter
such unit shall be treated as any residential unit of comparable or smaller size in the Project
occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously
occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low
Income Tenant until reoccupied, other than for a temporary period, at which time the
character of the unit shall be redetermined. In no event shall such temporary period exceed
31 days.

(b) Immediately prior to a Low Income Tenant’s occupancy of a Low Income
Unit, the Borrower will obtain and maintain on file an Income Certification from each Low
Income Tenant occupying a Low Income Unit, dated immediately prior to the initial
occupancy of such Low Income Tenant in the Project. In addition, the Borrower will
provide such further information as may be required in the future by the State of California,
the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may
be amended from time to time, or in such other form and manner as may be required by
applicable rules, rulings, policies, procedures or other official statements now or hereafter
promulgated, proposed or made by the Department of the Treasury or the Internal Revenue
Service with respect to obligations issued under Section 142(d) of the Code. The Borrower
shall verify that the income provided by an applicant is accurate by taking one or more of
the following steps as a part of the verification process: (i) obtain a federal income tax
return for the most recent tax year, (ii) obtain a written verification of income and
employment from the applicant’s current employer, (iii) if an applicant is unemployed or
did not file a tax return for the previous calendar year, obtain other verification of such
applicant’s income satisfactory to the Authority or (iv) such other information as may be
reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be
attached to the quarterly report to be filed with the Authority and the Fiscal Agent as
required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low
Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter,
the Borrower shall recertify the income of the occupants of each Low Income Unit by
obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household’s income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and within 15 days of the last day of each quarter thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority and the Fiscal Agent of the status of the occupancy of the Project by delivering to the Authority and the Fiscal Agent a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Funding Lender, the Fiscal Agent, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant’s previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant’s income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant’s expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a
provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Borrower shall satisfy the following requirements:

(i) As required by the Authority, not less than 43 of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above (but without regard to the final paragraph thereof).

(ii) Pursuant to the CDLAC Conditions and for the entire term of the Regulatory Agreement, the Project shall consist of 88 units plus 1 manager’s unit of which at least: 43 units shall be rented or held vacant for Very Low Income Tenants; and 9 units shall be rented or held vacant for rental for Low Income Tenants subject to the rent restrictions in Section 4(a).

(k) The Borrower shall ensure the Project complies with the provisions of Section 52080(g) of the California Health and Safety Code.

Section 5. Tax Status of the Notes. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Notes and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Authority and Funding Lender, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes; and
(c) The Borrower, at the Borrower’s expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent and Funding Lender, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Notes being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Tax Certificate, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Notes are used in a manner such that the Notes will satisfy the requirements of Section 142(d) of the Code relating to qualified residential rental projects.

(i) The Notes upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of Section 146 of the Code) equal to the principal amount of the Notes.

(j) The Authority and the Borrower covenant that not less than 97% of the net proceeds of the Notes (within the meaning of Section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Notes shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Notes shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Notes shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis
amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Borrower shall not take, or permit or suffer to be taken by the Funding Lender, Fiscal Agent or otherwise, any action with respect to the proceeds of the Notes that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes would have caused any Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Notes do not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Notes.

(o) The Authority and the Borrower covenant that, from the proceeds of the Notes and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Notes, will be used for costs of issuance of the Notes, all within the meaning of Section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Notes, such retention shall be deemed to be an expenditure of proceeds of the Notes for said fees.

(p) The proceeds of the Notes will be allocated to expenses actually paid with proceeds of the Notes unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Notes is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Notes if earlier).

(q) [Reserved].

(r) [Reserved].

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Funding Lender or its designee should the Funding Lender or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower, the Fiscal Agent and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent and Funding Lender, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with
in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent, Funding Lender and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority, the Fiscal Agent and Borrower, approved by the Funding Lender, and approved by the written opinion of Tax Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Notes.

(c) The Borrower, the Authority and, if applicable, the Fiscal Agent, shall execute, deliver and, if applicable, the Borrower or the Authority shall file of record any and all documents and instruments necessary to effectuate the intent of this Section 6, and each of the Borrower and the Authority hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record (it being understood that the Fiscal Agent has no duty or obligation to take such action) on behalf of the Borrower or the Authority, as is applicable, any such document or instrument (in such form as may be approved in writing by Tax Counsel) if either the Borrower or the Authority defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Authority or the Borrower, the Fiscal Agent shall take no action under this subsection without first notifying the Borrower or the Authority, or both of them, as is applicable, and without first providing the Borrower or the Authority, or both of them, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this subsection (c) shall be construed to allow the Fiscal Agent to execute an amendment to this Regulatory Agreement on behalf of the Authority or the Borrower.

Section 7. Indemnification. The Borrower hereby releases the Authority, Funding Lender and Fiscal Agent and their respective officers and employees, past, present and future, from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Funding Lender and Fiscal Agent and their respective officers, members, commissioners, directors, officials, agents and employees and each of them, past, present and future (collectively, the “Indemnified Parties” and individually, an “Indemnified Party”) from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual out-of-pocket costs of investigation, reasonable attorneys’ fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Notes, Taxable Note or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Borrower Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in
connection with the issuance and sale, resale or reissuance of the Notes or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Notes, the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Project or any part thereof; (f) arising out of or in connection with the Funding Lender’s or Fiscal Agent’s exercise of their respective powers or duties under the Borrower Loan Agreement, this Regulatory Agreement or the Funding Loan Agreement, as applicable, or any other related agreements to which the Funding Lender, or Fiscal Agent are a party; and (g) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same), except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the negligence or willful misconduct of such person and (ii) in the case of the foregoing indemnification of the Authority or any of its officers, members, commissioners, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective Indemnified Parties to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such
Indemnified Party, in which case the Borrower shall pay the reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Funding Lender and Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the Authority, Funding Lender and Fiscal Agent hereunder arising out of Borrower’s actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Funding Lender, Fiscal Agent or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Notes and this Regulatory Agreement and the earlier removal or resignation of the Fiscal Agent.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and neither the Authority nor the Funding Lender shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 15 of this Regulatory Agreement.

Nothing in this Section 7 is intended to release the General Partner or the Developer (as defined in the below-defined Partnership Agreement) from their respective obligations as a Partner
Section 8. Consideration. The Authority has issued the Notes to make the Borrower Loan, to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the issuance of the Notes by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons, including but not limited to the Fiscal Agent, interested in the legality and validity of the Notes, and in the exclusion from gross income for federal income tax purposes of interest on the Notes and the exemption from California personal income taxation of the interest on the Notes. In performing its duties and obligations hereunder, the Authority and the Fiscal Agent may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Funding Lender and Fiscal Agent under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Tax Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder) including equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the Authority (except as provided in the next succeeding paragraph) and receipt by the Authority (except as provided in the next succeeding paragraph) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Borrower Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority, (ii) a written instrument by which the Borrower’s purchaser or transferee has assumed in writing and in full the Borrower’s duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee’s experience or, should the transferee choose to have a property manager run the Project, a property manager’s experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, which experience shall be for a period of not less than 3 years, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Tax Counsel addressed to the Authority to the effect
that such transfer will not cause interest on the Notes to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Borrower Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Funding Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives the Funding Lender the right to accelerate the maturity of the Borrower Loan under the Borrower Loan Agreement, or to take some other similar action with respect to the Borrower Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security) or comparable conversion of the Borrower Loan made pursuant to the Borrower Loan Agreement and other Borrower Loan Documents, whereby the Funding Lender or any of its designees, or a third-party purchaser from the Funding Lender or any of its designees becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Funding Lender or any of its designees, or any such third-party purchaser, to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Borrower Loan made pursuant to the Borrower Loan Agreement. Consent of the Authority and delivery of items (i) through (vi) (or, if the Notes are no longer outstanding, (i) through (v)) of the preceding paragraph shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority, Funding Lender and Fiscal Agent a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of the Authority: (a) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor to an entity controlled directly or indirectly by either an affiliate of the Tax Credit Investor or Raymond James Tax Credit Funds, Inc. and (b) the removal of a general partner in the Borrower by the Tax Credit Investor for cause in accordance with the terms of the Partnership Agreement and the replacement of such removed general partner with an entity controlled directly or indirectly by either an affiliate of the Tax Credit Investor or Raymond James Tax Credit Funds, Inc. as an interim general partner so long as the ultimate replacement general partner is approved by the Authority in its reasonable discretion.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and
Notwithstanding any other provisions of this Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Funding Lender (if any Notes are outstanding) and Borrower only if there shall have been received by the Authority and the Funding Lender an opinion of Tax Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the exemption from State personal income taxation of the interest on the Notes and the Taxable Note.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by (i) fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority or the Fiscal Agent from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security) or condemnation or a similar event, but only if within a reasonable period thereafter the Notes are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. Assuming that the Notes are redeemed as described in the preceding sentence and otherwise notwithstanding the foregoing, in the event that a senior lender holding a first priority deed of trust encumbering the Project elects to foreclose, or accept a deed in lieu of foreclosure, after the occurrence of a default under its loan that is secured by a first priority deed of trust, such senior lender shall have the option to either (a) require that the Authority terminate this Regulatory Agreement, or (b) enter into an agreement with the Authority that this Regulatory Agreement will remain on the title to the Project and the senior lender or its affiliated entity will comply with the provisions of this Regulatory Agreement, except that the senior lender or its affiliated entity will be permitted to increase the rents applicable to all the dwelling units in the Project to a level that is the lower of market or those rents that may be charged to lower income households, as defined in Section 50079.5 of the California Health and Safety Code.

Notwithstanding any other provision of this Regulatory Agreement, the Authority and Borrower agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and
costs of the Authority, Funding Lender and Fiscal Agent and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants To Run With the Land. The Borrower hereby subjects its leasehold interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower’s legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Notes were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (a) by the Authority to the Borrower, Funding Lender, the Fiscal Agent and Tax Credit Investor or (b) by the Funding Lender to the Authority, the Fiscal Agent, Tax Credit Investor and Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Funding Lender with an opinion of Tax Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes (if outstanding)), then the Authority or the Fiscal Agent may declare an “Event of Default” to have occurred hereunder and shall provide written notice thereof to the Borrower and Funding Lender, as applicable, and, at the Authority’s option, may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or the Fiscal Agent hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or
take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Tax Credit Investor shall have the right, but not the obligation, to cure any default hereunder and the parties agree to accept such performance as if it were undertaken by the Borrower itself.

The Funding Lender shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Funding Loan Agreement, to exercise any or all of the rights or remedies of the Authority or Fiscal Agent hereunder; provided that prior to taking any such act, the Funding Lender shall give the Authority and the Fiscal Agent written notice of its intended action. All fees, costs and expenses of the Funding Lender (including, without limitation, reasonable attorneys’ fees and expenses) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Funding Loan Agreement or the Borrower Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Borrower Loan Documents except as may be otherwise specified, as applicable, in the Borrower Loan Documents.

The Authority or Fiscal Agent may not, upon the occurrence of an Event of Default, seek, in any manner, to foreclose on the Project, to cause the Funding Lender to redeem the Notes, or to declare the principal of the Notes and the interest accrued on the Notes to be immediately due and payable or to cause the Funding Lender to take any action under any of Borrower Loan Documents or any other documents if such action would or could have the effect of achieving any one or more of the actions, events or results described above. The occurrence of an Event of Default shall not impair, defeat or render invalid the lien of the Security.

The rights of the Funding Lender under this Section are in addition to all rights conferred upon the Funding Lender under the Funding Loan Agreement and other Funding Loan Documents, and in no way limit those rights.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Authority and Funding Lender may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual ongoing Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Borrower Loan or any discharge of the Funding Loan Agreement, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following
the occurrence of an Event of Default, to the Authority and Funding Lender reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority’s or Funding Lender’s enforcement of the provisions of this Regulatory Agreement.

In the event that the Notes are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Notes and shall be a lump sum amount equal to the present value (based on a discount rate equal to the yield on a U.S. treasury security maturing nearest the end date of the Qualified Project Period, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Notes outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

The Borrower shall also pay the Authority a processing fee equal to the greater of $5,000 or 0.125% of the permanent principal amount of the Notes (as amortized, if applicable), plus all related expenses, for any consent, approval, transfer, amendment, or waiver requested of the Authority.

During any period that the Funding Lender or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Funding Lender shall not be liable for the payment of any compensation or fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

**Section 18. Governing Law.** This Regulatory Agreement shall be governed by the internal laws of the State of California, without resort to conflicts of laws principles.

**Section 19. Amendments.** This Regulatory Agreement shall be amended (i) except as provided in Section 6(a), only with the prior written consent of the Funding Lender and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles. The parties hereto acknowledge that for so long as the Notes are outstanding, the Funding Lender is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Tax Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes.

**Section 20. Notice.** All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:
The Fiscal Agent: U.S. Bank National Association  
633 West 5th Street, 24th Floor  
Los Angeles, CA  90071  
Attention:  Global Corporate Trust  
Ref:  HACLA MF (Rose Hill Courts Phase I)  
Telephone:  (213) 615-6032  
Facsimile:  (213) 615-6199

The Authority: Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard, 3rd Floor  
Los Angeles, CA  90057  
Attention:  Chief Administrative Officer  
with a copy to: Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard, 3rd Floor  
Los Angeles, CA  90057  
Attention:  Bond Manager

The Borrower: Rose Hill Courts I Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Avenue, Suite 900  
Irvine, California 92612  
Attention:  Frank Cardone  
Telephone:  (949) 660-7272  
with a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP  
633 W. Fifth Street, 64th Floor  
Los Angeles, California 90071  
Attention:  Lance Bocarsly, Esq.

The Tax Credit Investor: Raymond James California Housing Opportunities Fund X L.L.C.  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida  33716  
Email Address:  Steve.Kropf@RaymondJames.com  
Attention:  Steven J. Kropf, President  
with a copy to: Nixon Peabody LLP  
Exchange Place  
53 State Street  
Boston, MA 02109  
Attention:  Nathan Bernard
If to CDLAC: California Debt Limit Allocation Committee
Room 311
915 Capitol Mall
Sacramento, CA 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Fiscal Agent.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Fiscal Agent shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement. The Borrower acknowledges and agrees to all provisions of the Funding Loan Agreement applicable to it.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Project, and no person seeking such damages shall have recourse against the Project.

Section 25. Third-party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Notes and are entered into for their benefit. The Funding Lender, on behalf of the owners of the Notes, shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Funding Lender is intended to be and shall be a third-party beneficiary of this Regulatory Agreement, and the Funding Lender shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.
Section 26. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Borrower Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “CDLAC Conditions”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“CDLAC Compliance Certificate”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period)
until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least 50% of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Notes; (iii) any change in the name of the Project or the property manager; (iv) any default under the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Notes, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of Los Angeles of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of Los Angeles. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Notes for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Notes to cease to be Tax-Exempt or to
the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2022), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Notes are no longer Outstanding or (ii) the proceeds of the Notes have been fully spent.

Section 29. The Fiscal Agent. The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto. The Fiscal Agent shall have no duty to act with respect to enforcement of the Borrower’s performance hereunder as described in Section 15 unless it shall have actual knowledge of any such default as provided in Section 15 and the Fiscal Agent has received written direction from the Funding Lender and has been indemnified to its satisfaction. The Fiscal Agent may act as the agent of and on behalf of the Authority, and any act required to be performed by the Authority as herein provided shall be deemed taken if such act is performed by the Fiscal Agent. In connection with any such performance, the Fiscal Agent is acting solely as Fiscal Agent under the Funding Loan Agreement and not in its individual capacity, and, except as expressly provided herein, all provisions of the Funding Loan Agreement relating to the rights, privileges, powers, indemnities and protections of the Fiscal Agent shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Fiscal Agent in connection with this Regulatory Agreement. Neither the Fiscal Agent nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or willful misconduct.

No provision of this Regulatory Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

The Authority shall be responsible for the monitoring of the Borrower’s compliance with the terms of this Regulatory Agreement. The Fiscal Agent shall not be responsible for such monitoring.

After the date on which no Notes remains Outstanding, as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Authority.

Section 30. Americans with Disabilities Act. The Borrower and the Fiscal Agent each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Appendix G). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access
to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Appendix G) and all subsequent amendments. The Borrower, the Fiscal Agent and each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Fiscal Agent, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Borrower hereby agrees to observe all of the covenants contained in Appendix G to this Regulatory Agreement as if contained herein.

[Signature Page to Follow]
IN WITNESS WHEREOF, the Authority, the Fiscal Agent and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY
OF LOS ANGELES

By: _____________________________  
Name: Douglas Guthrie  
Title: President and Chief Executive Officer

APPROVED AS TO FORM:

By: _____________________________  
Becky Churchill Clark  
Authority Sr. Staff Attorney

[Governmental Lender Signature Page to Rose Hill Courts Phase I Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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 ____________________________ [SEAL]
ROSE HILL COURTS I HOUSING
PARTNERS, L.P., a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, its administrative general partner

By: 
Frank Cardone, President

By: LOMOD RHC I, LLC, a California limited liability company, its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: 
Tina Smith-Booth, President

[Borrower Signature Page to Rose Hill Courts Phase I Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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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 ____________________________    [SEAL]
NOTARY ACKNOWLEDGMENT STATEMENT

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 ________________________________ [SEAL]
U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By ______________________________________
Name: Julia Hommel
Title: Vice President

[Fiscal Agent Signature Page to Rose Hill Courts Phase I Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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 ________________________________ [SEAL]
APPENDIX A

LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

THOSE PORTIONS OF LOTS 1, 2 AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1;

THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET;
THENCE SOUTH 00°00’38” WEST, 174.46 FEET;
THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.
APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, ______________________, being duly authorized to execute this certificate on behalf of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Borrower”), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower’s participation in the Housing Authority of the City of Los Angeles’s (the “Authority”) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A and Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C, such documents including:

   (a) the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) dated as of [May] 1, 2021 by and among the Borrower, the Fiscal Agent and the Authority; and

   (b) the Multifamily Notes, dated [__________], 2021, from the Borrower to the Authority, representing the Borrower’s obligation to repay the Borrower Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

<table>
<thead>
<tr>
<th>Occupied by Very Low Income Tenants:</th>
<th>% Unit Nos.:</th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:</td>
<td>% Unit Nos.:</td>
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</table>

<table>
<thead>
<tr>
<th>Occupied by Low Income Tenants:</th>
<th>No. of Units:</th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Low Income Tenant:</td>
<td>No. of Units:</td>
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3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, its administrative general partner

By: ______________________________
    Frank Cardone, President

By: LOMOD RHC I, LLC, a California limited liability company, its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: ______________________________
    Tina Smith-Booth, President
NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: Rose Hill Courts Phase I, Los Angeles, CA

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to, reside in the unit:

<table>
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<tr>
<th>1</th>
<th>Name of Members of the Household</th>
<th>2</th>
<th>Relationship to Head of Household</th>
<th>3</th>
<th>Social Security Number</th>
<th>4</th>
<th>Age</th>
<th>5</th>
<th>Place of Employment</th>
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**Income Computation**

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is $_________.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

1. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

2. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family’s welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital
gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of $480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

____ Yes _____ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000?

____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) the combined total value of all such assets: $_______;

(2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: $_______; and

(3) the amount of such income, if any, that was included in item 6 above:

$__________________

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

____ Yes _____ No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.
(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

___ Yes ___ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____day of ____ in the County of Los Angeles, California.

________________________________________
Applicant

________________________________________
Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]
FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
   a. Enter amount entered for entire household in 6 above: $________
   b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($__________)
      (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings ($__________), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($__________);
      (3) Enter at right the greater of the amount calculated under (1) or (2) above: $________
   c. TOTAL ELIGIBLE INCOME
      (Line 1.a plus line 1.b(3)): $________

2. The amount entered in line 1.c:
   _____ Qualifies the applicant(s) as a Low Income Tenant(s) _____ or a Very Low Income Tenant(s) _____ [check applicable box, if any]
   _____ Does not qualify the applicant(s) as a Low Income Tenant(s) _____ , or a Very Low Income Tenant(s) _____ [check applicable box, if any].

3. Number of apartment unit assigned: _____
   Bedroom Size ___________ Rent: $________

4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants _____ or Very Low Income Tenants _____ [check applicable box].

5. Method used to verify applicant(s) income:
   _____ Employer income verification.
   _____ Copies of tax returns.
   _____ Other (__________ )

________________________________________
Manager
INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee’s current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages
Overtime
Bonuses
Commissions
Other Income
Total current income

I hereby certify that the statements above are true and complete to the best of my knowledge.

_________________________________________  ______________  ___________________
Signature                  Date                  Title

I hereby grant you permission to disclose my income to _____________ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program.

_________________________________________  ______________
Signature                  Date

Please send to:

_________________________________________
_________________________________________
_________________________________________
INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

________________________________________  ________________________
Signature                                             Date
Project Name: Rose Hill Courts Phase I
Name of Bond Issuer: Housing Authority of the City of Los Angeles

1. Project Name Change: No _____ Yes _____
   (If project name has changed since the award of allocation please note the original project name as well as the new project name.)
   If yes provide old and new Project Name ________________________________

2. CDLAC Application No.: 20-670

3. Bond Issuer Change: No _____ Yes _____
   (If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)
   If yes provide the Name of existing and New Issuer _____________________________
   Contact Information ________________________________

4. Change in Borrower No _____ Yes _____
   (If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)
   If yes provide the Name of the existing and New Borrower _______________________
   Contact Information ________________________________

5. Change in Management Company No _____ Yes _____
   If yes provide the Name of the New Management Company _______________________

6. Has the Qualified Project Period commenced? No _____ Yes _____
   No _____ Yes _____ Already Submitted Certification
   If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service? No _____ Yes _____
   No _____ Yes _____ Already Submitted Certification
   If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
   No _____ Yes _____
If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?
   No   Yes
   If so, please describe and explain?

10. Federally Bonded Other Restrictions Total
    Restricted Units (Reflected in PSR) (Reported in
    (Reflected in PSR) CDLAC Resolution)

    ____ at 50% AMI ____ at 50% AMI ____ at 50% AMI
    ____ at 60% AMI ____ at 60% AMI ____ at 60% AMI

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

<table>
<thead>
<tr>
<th>Bedroom Type</th>
<th># of Units in PSR</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>_______</td>
<td>_______</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>_______</td>
<td>_______</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>_______</td>
<td>_______</td>
</tr>
</tbody>
</table>

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:
   ___ After-school Programs
   ___ Educational, health and wellness, or skill building classes
   ___ Health and Wellness services and programs (not group classes)
   ___ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
   ___ Bona-Fide Service Coordinator/ Social Worker

   Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?
   No   Yes

   Are all hour requirements being met?
   No   Yes

   Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

   “Pursuant to Section 13 of Resolution No. _________ (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on _______________, I, ________________, an Officer of the Borrower, hereby certify under penalty of perjury that, as
of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date
APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1) Project Name: Rose Hill Courts Phase I  
   (If project name has changed since the award of allocation please note the original project name as well as the new project name.)

2) CDLAC Application No.: 20-670

3) Name of Bond Issuer: Housing Authority of the City of Los Angeles

4) Name of Borrower: Rose Hill Courts I Housing Partners, L.P., a California limited partnership   
   (If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)

5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____________, 20__

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Borrower Loan to date is $__________

(b) all amounts disbursed from proceeds of the Notes have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Notes have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Notes have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Notes, exclusive of amounts applied to pay the costs of issuing the Notes, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

(d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified Project Period. 
   _____ Yes   _____ No
(a) 10% of the dwelling units in the Project financed in part from the proceeds of the captioned Notes were first occupied on __________, 20__ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the captioned Notes were first occupied on __________, 20__.

7) If no to 6) the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.
   ___ Yes    ___ No

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Note Issuance Date.)

   (a) Notes was issued on __________, 20__

   (b) Property was acquired on __________, 20__

   (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) __________, 20__

__________________________________
Signature of Officer

__________________________________
Printed Name of Officer

__________________________________
Title of Officer

__________________________________
Phone Number
APPENDIX G

ACCESSIBILITY COVENANTS

The Accessibility Covenants (the “Covenants”) herein are attached to the Regulatory Agreement as an exhibit and incorporated therein and the Borrower hereby agrees to comply with each of the requirements set forth as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings assigned thereto in the Regulatory Agreement as applicable, provided they do not conflict with the terms defined or referenced herein. The definitions contained in the implementing regulations for Section 504 of the Fair Housing Act (“Section 504”), and the ADA are incorporated by reference. See 24 C.F.R. §§ 8.3, 100.20; 28 C.F.R. § 35.104. The following terms shall have the respective meanings assigned to them in this Section unless the context in which they are used clearly requires otherwise:

“Accessible,” when used with respect to a Housing Unit or a Housing Development, means and refers to full compliance with the requirements of the Accessibility Standards.

“Accessible Housing Development” means a Housing Development that is Accessible, including Accessible public and common use areas, as well as the number and type of Accessible Housing Units that are required to be Accessible by the Covenants.

“Accessible Housing Units” or “Accessible Unit” refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features that are Accessible, on an Accessible Route, and in an Accessible Housing Development.

“Accessibility Laws” means Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.; the Americans with Disabilities Act (“ADA”), 42 U.S.C. § 12131, et seq.; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§ 3601-3620; implementing regulations and design standards for each of the preceding statutes; and the California Building Code. In all instances, the requirements of the Federal Accessibility Laws shall supersede any state or local requirements, unless the state or local requirements are stricter than the Federal requirements.

“Accessibility Standards” means the following compliance standards:

For purposes of Section 504 and the ADA:

a. For Housing Developments constructed or substantially altered before March 15, 2012:
   i. The new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.4(d), 8.22, 8.26, and 8.32 as well as the new construction requirements of UFAS, or their successor standards.

b. For Housing Developments constructed or substantially altered on or after March 15, 2012:
i. The Alternative Accessibility Standard; or

ii. Any future accessibility standard and other regulatory requirements applicable to newly constructed facilities in federally-assisted programs that may be adopted in a final rule issued by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to notice and comment rulemaking under Section 504 so long as such accessibility standard and regulatory requirements do not provide for less accessibility for persons with disabilities than either a or b.

For purposes of the FHA:


For purposes of state law:

a. The accessibility provisions of the California Building Code Chapters 11A and 11B, or any future accessibility standard and other regulatory requirements applicable to newly constructed facilities adopted as part of the California Building Code; and

b. All applicable building codes in effect for the City of Los Angeles Building and Safety Department.

“Accessible Route” means and refers to a continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32 and UFAS § 4.3. As used for purposes of the ADA, an Accessible Route is as described in Chapter 4 of the 2010 Standards for Accessible Design, 28 C.F.R. §§ 35.104, as applied to public entities, except that elevator exceptions do not apply.


“Assistance Animals” means and refers to animals that work, provide assistance, or perform tasks for the benefit of a person with a disability as well as animals that provide emotional support that alleviates one or more identified symptoms or effects of a person’s disability. Assistance Animals are not pets and are not subject to a housing provider’s pet policies. Service animals are one type of Assistance Animal. Assistance Animals include animals that are trained and untrained and include dogs and other animals.
“Borrower” means and refers to an owner of a Housing Development and such owner’s successors and assigns who was, is or will be the owner of a Housing Development designed constructed, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the State and/or HACLA. A Borrower may also be a Subrecipient.

“HACLA” means the Housing Authority of the City of Los Angeles.

“HACLA Conduit Bond Policy” means HACLA’s Housing Conduit Bond Policy dated September 27, 2018, as amended, which contains HACLA’s policy that all projects financed with HACLA bonds must be developed and maintained in compliance with all applicable federal, State and local requirements for access to individuals with disabilities.

“Housing Development” or “Development” means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that (1) received or will receive any federal or State financial assistance from or through the State and/or HACLA and/or (2) were, are, or will be designed, constructed, altered, operated, administered, or financed in connection with a program administered by the State and/or HACLA or by its Subrecipients.

“Housing Unit” means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping, provided such definition shall not be construed to exclude Single Room Occupancy Units. A Housing Unit includes a dwelling unit as that term is used in 24 C.F.R. § 8.22.

“Housing Unit with Hearing/Vision Features” means a Housing Unit that complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsection § 809.5 of the 2010 ADA Standards for Accessible Design, and with the California Building Code Chapters 11A & 11B. Hearing/Vision Features include but are not limited to visual alarms (UFAS §§ 4.34.10, 4.28.3), auxiliary alarms (UFAS §§ 4.34.10, 4.28.4), telephone volume controls and hearing aid compatibility (UFAS § 4.31.5), protections against protruding objects (UFAS § 4.4), stairway requirements (UFAS §§ 4.9, 4.26.4), protections against exposed pipes and surfaces (UFAS §§ 4.19.4, 4.24.6, 4.34.6.5(8)), audible alarms (UFAS § 4.28.2), signage (UFAS § 4.30), push button controls for telephones (UFAS § 4.31.6), consumer information (UFAS § 4.34.4), and range, cooktop, and oven controls (UFAS §§ 4.34.6.6, 4.34.6.7).

“Housing Unit with Mobility Features” means a Housing Unit that is located on an Accessible Route and complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsections §§ 809.2 through 809.4 of the 2010 ADA Standards, and with the California Building Code Chapter 11 B. A Housing Unit with Mobility Features can be approached, entered and used by persons with mobility disabilities, including people who use wheelchairs.

“Property Management Agent” means and refers to a person or entity that manages one or more Housing Developments subject to these Covenants on behalf of a Borrower.

“Reasonable Accommodation” means changes, modifications, exceptions, alterations, or
adaptations in rules, policies, practices, programs, activities that may be necessary to (1) provide a person with a disability an equal opportunity to use and enjoy a dwelling, including public and common use areas of a development, (2) participate in, or benefit from, a program (housing or non-housing), service or activity; or (3) avoid discrimination against a person with a disability. Such an accommodation must be granted unless it would (i) pose an undue financial and administrative burden, or (ii) fundamentally alter the essential nature of the program, service, or activity. For purposes of these Covenants, a Reasonable Accommodation includes any physical or structural change to a Housing Unit or a public or common use area that would be considered a reasonable modification for purposes of the FHA.

“State” means the State of California.

“Subrecipient” means and refers to any public or private agency, institution, organization, or other entity or person to which federal or State financial assistance or financial assistance, including bond issuance, from or through HACLA is extended. A Subrecipient also means and refers to a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal or State program, but does not include an individual who is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards from a federal awarding agency. 2 C.F.R. § 200.93. A Subrecipient may also be the Borrower.

“UFAS” means the Uniform Federal Accessibility Standards and refers to a set of scoping requirements and standards for the design and construction of buildings and facilities to ensure that they are readily accessible to and usable by persons with disabilities. See Appendix A to 24 C.F.R. subpart 40 for residential structures and Appendix A to 41 C.F.R. subpart 101-19.6 for general-type buildings (UFAS is also available on-line at http://www.access-board.gov).

Section 2. Borrower Obligations. The Borrower represents, warrants, covenants and agrees as follows:

a. A State of California Certified Access Specialist (“CASp”) who is a licensed architect or engineer must be identified as part of the development team. The cost of CASp activities and certifications should be included in the application’s project budget.

b. The Housing Development shall be constructed in accordance with the Accessibility Standards in Section 1 above to ensure accessibility for persons with disabilities. The Borrower must work with their CASp to ensure that the Housing Development complies with those Accessibility Standards.

c. Applicants/developers/Borrowers must list all applicable accessibility standards on title page of plans, including the designated FHA Safe Harbor for the Project, and include the following note: “This is a publicly funded housing project and must comply with federal accessibility standards and California Building Code Chapters 11A & 11B”.

d. If the Development is to be rehabilitated, accessibility retrofits of the Housing Development shall take place concurrently with any project
rehabilitation in compliance with the Accessibility Standards, including federal accessibility standards.

e. The Accessible Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Unit. If an Accessible Unit is occupied by residents without disabilities, Borrower shall require use of a lease addendum to require such residents to relocate to a vacant, non-accessible unit of comparable size, finishes, and amenities, at the same Development at the Development’s expense, within thirty (30) days of notice by the Borrower or Property Management Agent, or the minimum amount of notice required by state law, that there is an eligible applicant or existing resident with a disability who requires the accessibility features of the unit.

f. **Ten percent (10%)** of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.

g. An additional **four percent (4%)** of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Hearing/Vision Features.

h. The 4% and 10% calculations shall each be based on the total number of Housing Units in the Housing Development. In determining the number of Accessible Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual with a disability has a choice of living arrangements that is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

i. The Accessible Units shall be affordable for households pursuant to the terms the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications.

j. Following reasonable notice to the Borrower, Borrower shall allow HACLA to conduct periodic on-site inspections of the Housing Development in order to verify compliance with the Accessibility Standards.

k. The Housing Development as a whole and all Housing Units shall meet the requirements of the Accessibility Standards as defined in Section 1, above, and any requirements of HACLA, provided such requirements minimally meet and do not diminish the requirements of the Accessibility Standards.

l. The Borrower shall provide a list to HACLA of all Accessible Units with unit number, bedroom size and type of Accessible Unit (“Housing Unit with
Section 3. Occupancy of Accessible Housing Units. The Borrower shall follow the requirements of Section 504 and its implementing regulations at 24 C.F.R. Part 8, to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities. The Borrower will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals who require the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Unit becomes vacant:

a. First, the Borrower will offer the Accessible Unit to a current occupant of the Housing Development who needs the features of an Accessible Unit;

b. Second, the Borrower will offer the Accessible Unit to a current occupant of a Housing Development under common control who needs the features of an Accessible Unit;

c. Third, the Borrower will offer the Accessible Unit to an eligible, qualified applicant on the site based or Section 8 waiting list (whichever is incorporated into the Development management plan) for Accessible Housing Units who needs the features of an Accessible Unit;

d. If there are no eligible current tenants or applicants in need of accessible features, then the Borrower must conduct targeted outreach and marketing to advertise the unit to qualified individuals who need the accessible features, distributing the information about the accessible vacancy in accord with the Borrower’s HACLA approved Development management plan, distributing it to organizations that serve people with disabilities. All such communications shall take appropriate steps to ensure effective communication with individuals with disabilities by utilizing appropriate auxiliary aids and services, such as the use of accessible websites and emails. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such Accessible Units, specific information regarding the features of Accessible Units, eligibility criteria, and application procedures. In the event more than one household has requested an Accessible Unit, the Borrower shall offer the Accessible Unit to households in order on the appropriate waiting list within each category, including household size, income and other relevant parameters.

For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Borrower will pay the costs of the transfer to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

Section 4. Rental Policies. The Borrower shall meet the requirements of Section 504, the ADA, the FHA, FEHA, and other federal and state laws and regulations as applicable. Rental applications will include a section to be filled out by applicants to identify whether they are
requesting an Accessible Unit or a Reasonable Accommodation. Applicants will not be required to disclose a disability under any circumstances, and the Borrower shall seek information to be disclosed limited to only what is necessary to establish the disability-related need for the requested accommodation. If both the disability and disability-related need for the requested accommodation are obvious or already known, no additional information may be sought by the Borrower. Applicants and residents may request a Reasonable Accommodation at any time.

Section 5. Residential Rental Property. The Borrower hereby represents, covenants, warrants and agrees as follows:

All of the Housing Units in the Housing Development will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities, equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

Section 6. Monitoring Requirements. HACLA will monitor the initial production and ongoing occupancy of the Accessible Units and the Housing Development to ensure full compliance with the Accessibility Standards. HACLA shall inspect the construction and/or rehabilitation to verify that the legally required number of Accessible Units have been produced and that the necessary and required design elements have been constructed to make the Housing Units and site accessible for individuals with disabilities; or, in cases where another government agency has completed an inspection, HACLA may, at its discretion, obtain and rely on the inspection report produced by the other agency.

Section 7. Maintenance of Records. With respect to the Covenants, the Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents pursuant to the terms of the Financing Documents, Regulatory Agreement and the Covenants, including any and all amendments, revisions, or modifications.

Section 8. Notices, Demands, Payments and Communication. Formal notices, demands, payments and communications between HACLA and the Borrower shall be sufficiently given and shall not be given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally pursuant to the Notice provisions in the Funding Loan Agreement.

Section 9. Term of the Covenants. The Covenants shall be recorded with the Regulatory Agreement upon its execution and shall terminate in accordance with the most restrictive provisions of the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement, redemption or defeasance of any Notes issued by HACLA on behalf of the Borrower.
Section 10. Covenant to Run with the Land. The Borrower hereby subjects the Project to the covenants, reservations, and restrictions set forth in the Covenants. HACLA and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. In particular, this Covenant is subject to the requirements of HUD’s Section 504 regulation at 24 C.F.R. § 8.50(c).

Section 11. Default; Enforcement. As part of ensuring compliance with the Accessibility Covenants and the Accessibility Standards, HACLA or its agent, will conduct periodic on-site visits inspecting the Housing Development, which inspections may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Borrower fail to comply, HACLA will first issue an Order to Comply (“Order”) stating the element of the Housing Development that is out of compliance, and providing a date by which the Borrower must comply. The Order shall give the Borrower not more than 30 days to correct the violation, or such additional time as HACLA may grant if the Borrower is taking steps to correct the violation (“Compliance Date”), and diligently pursues such action until the default is corrected, which extension is in the HACLA’s sole discretion. HACLA shall re-inspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension, however failure to inspect or re-inspect within the time frame does not remove the obligation of the Borrower to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, then HACLA shall declare an “Event of Default” and may take any one or more of the following steps:

a. Inspection Fee for Non-Compliance. In the event the Borrower fails to comply with the Order within the Compliance Date, the Borrower shall be liable for subsequent inspection fees in the amount approved by City Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice, will result in a late charge equal to or two times the fees and a collection fee equal to 50 percent of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

b. By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of HACLA hereunder;

c. Filing of a complaint or referral to HUD or other appropriate agencies for further enforcement actions;

d. Have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project, in order to
Section 12. Compliance with Accessibility Requirements. The Borrower hereby certifies that it and its property manager and any agent, contractor and subcontractor will comply with the Accessibility Standards as defined, and the policies described in Sections 2-5. The Borrower and any contractor and subcontractor will provide Reasonable Accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with each of the applicable and stricter of the requirements of the ADA, the 2010 ADA Standards for Accessible Design, the ADAAG, Section 504, UFAS, the FHA, the Fair Housing Act Design and Construction Requirements, federal regulations implementing the ADA, Section 504, and the FHA, California Government Code 11135 et seq., the California Building Code Chapters 11A and 11B, and all subsequent amendments to those laws. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to the Covenants and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.


Section 14. Parties Bound. The provisions of the Covenants shall be binding upon and inure to the benefit of HACLA and the Borrower and their respective successors and assigns.

Section 15. Severability. Every provision of the Covenants is intended to be severable. If any provision of the Covenants shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 16. Waiver. Any waiver by HACLA of any obligation in the Covenants shall be in writing; however, HACLA cannot waive the requirement to comply with federal and State law. No waiver will be implied from any delay or failure by HACLA to take action on any breach or default of the Borrower or to pursue any remedy allowed under the Covenants or applicable law. Any extension of time granted to the Borrower to perform any obligation under the Covenants shall not operate as a waiver or release from any of its obligations under the Covenants. Consent by HACLA to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for HACLA’s written consent to future waivers.

Section 17. Modifications. There shall be no amendment or modification of the Covenants without the prior written approval of HACLA. Any amendment or modification of the Covenants shall be by a written instrument executed by HACLA and the parties to the Covenants and the Regulatory Agreement or their successors in title, and duly recorded in the real property
records of the County of Los Angeles, California. Modifications or amendments to the Covenants may occur by operation of law or other agreements binding HACLA and the parties to the Covenants and the Regulatory Agreement.

Section 18. Conflicts. If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the Financing Documents, or any other documents which affect the Project, the more restrictive covenants or restrictions shall control.

Section 19. Recording and Filing. The Borrower shall cause the Covenants to be recorded and filed in the real property records of the County of Los Angeles and in such other places as HACLA may reasonably request. However, failure to record the Covenants by the Borrower shall not relieve Borrower of any of the obligations specified herein.
ROSE HILL COURTS I HOUSING PARTNERS, L.P.

AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

As of [June 1, 2020]

THE LIMITED PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE “AGREEMENT”) HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE LIMITED PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH LIMITED PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE X HEREOF.
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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership is made and entered into effective as of the 1st day of [June], 2021, by and among Related/Rose Hill Courts Development Co., LLC, a California limited liability company, (the “Administrative General Partner”) and LOMOD RHC I, LLC, a California limited liability company (the “Managing General Partner” and collectively with Administrative General Partner, the “General Partner”), as general partners, Nicholas Company, Inc., a Delaware corporation (the “Withdrawing Limited Partner”), and Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, as limited partner (the “Investor Limited Partner”).

WHEREAS, the Administrative General Partner executed a Certificate of Limited Partnership (“Original Certificate”) for the formation of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”) pursuant to the terms of the State of California (Revised) Uniform Limited Partnership Act, which Original Certificate was subsequently filed with the California Secretary of State on January 15, 2020; and

WHEREAS, on December 23, 2020, the Administrative General Partner, the Managing General Partner and the Withdrawing Limited Partner executed a First Amended and Restated Agreement of Limited Partnership of the Partnership; and [Please provide First A&R LPA]

WHEREAS, the Managing General Partner and the Administrative General Partner, as the General Partner, and Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, as the Investor Limited Partner, wish to continue the Partnership pursuant to the Act; and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a 89-unit low-income housing tax credit project, to be known as Rose Hill Courts, and located in Los Angeles, California (the “Project”); and

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Agreement of Limited Partnership to (i) continue the Partnership under the Act; (ii) withdraw the Withdrawing Limited Partner from the Partnership; (iii) admit the Investor Limited Partner to the Partnership as limited partner; and (iv) set forth all of the provisions governing the Partnership.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, and agree that all agreements of limited partnership of the Partnership, entered into prior to the date hereof are hereby amended and restated in their entirety, as follows:

ARTICLE I

CONTINUATION OF PARTNERSHIP

1.01 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.
1.02 Name. The name of the Partnership is Rose Hill Courts I Housing Partners, L.P., a California limited partnership.

1.03 Principal Executive Offices; Agent for Service of Process.

(a) The principal executive office of the Partnership shall be 18201 Von Karman Avenue, Suite 900, Irvine, CA 92612. The Partnership may change the location of its principal executive office to such other place or places as may hereafter be determined by the Administrative General Partner. The Administrative General Partner shall promptly notify all other Partners of any change in the principal executive office. The Partnership may maintain such other offices at such other place or places as the Administrative General Partner may from time to time deem advisable.

(b) The name and address of the agent for service of process is CSC – Lawyers Incorporating Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833. The Partnership may change the agent for service of process to such other agent as may hereafter be determined by the Administrative General Partner. The Administrative General Partner shall promptly notify all other Partners of any change in the agent for service of process.

1.04 Term. The term of the Partnership commenced as of the date of the filing of the Original Certificate with the Secretary of State of the State, and shall continue in perpetuity unless the Partnership is sooner dissolved by law or in accordance with the provisions of this Agreement.

1.05 Withdrawal of Withdrawing Limited Partner. The Withdrawing Limited Partner hereby withdraws as Partner of the Partnership, and represents and warrants that it has no interest in the Partnership and is not entitled to any fees, distributions, compensation or payments from the Partnership and that it has no interest in any property or assets of the Partnership.

1.06 Intentionally omitted.

1.07 Admission of Investor Limited Partner. The Investor Limited Partner is hereby admitted as the sole Investor Limited Partner of the Partnership, and shall have all the rights afforded herein, including, without limitation, rights to fees, distributions, compensation and payments from the Partnership as hereinafter set forth.

1.08 Recording of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the General Partner shall take all actions necessary to assure the prompt recording of an amendment to the Original Certificate if required by the Act, including filing with the Secretary of State of the State. All fees for filing shall be paid out of the Partnership’s assets. The General Partner shall take all other necessary action required by law to perfect and maintain the Partnership as a limited partnership under the laws of the State, and shall register the Partnership under any assumed or fictitious name statute or similar law in force and effect in the State. Notwithstanding the foregoing, this Agreement (and any exhibits attached hereto) shall not be filed with the Secretary of State of the State or published or recorded in any public forum without the Consent of the Investor Limited Partner. The Investor Limited Partner hereby Consents to the disclosure of this Agreement to Partnership Lenders and Authorities.
ARTICLE II

DEFINED TERMS AND RULES OF INTERPRETATION

In addition to the abbreviations of the parties set forth in the preamble to this Agreement, defined terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified below. References in this Agreement to Sections, unless otherwise specified, are to Sections of this Agreement. Unless the context requires otherwise, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter and vice versa, as the context requires. Words such as "herein," "hereinafter," "hereof," "hereto," "hereby" and "hereunder," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires. Unless otherwise indicated, the word "including" is not limiting.

“Access Laws” is defined in Section 4.02(t).

“Accountants” means Dauby, O’Connor & Zaleski, LLC, or such other firm of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Investor Limited Partner, to prepare the Partnership income tax returns and audited financial statements.

“Act” means the California Revised Uniform Limited Partnership Act of the State, as may be amended from time to time during the term of the Partnership.

“Actual Credit” means, with respect to any tax year, the total amount of the Tax Credit actually reported by the Partnership on its tax return for that tax year and allocated to the Investor Limited Partner, and not disallowed by any taxing authority.

“Additional Capital Contributions” means the Completion Capital Contribution and Stabilization Capital Contribution of the Investor Limited Partner paid or payable to the Partnership pursuant to Article V.

“Administrative Adjustment Request” means an administrative adjustment request under Code Section 6227.

“Administrative General Partner” means Related/Rose Hill Courts I Development Partners, LLC, a California limited liability company.

“Affected Partner” means at any point in time, with respect to any Administrative Adjustment Request or Proposed Partnership Adjustment, any person who is a then current Partner or a Former Partner.

“Affiliate” means any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with a General Partner, or with another designated person, as the context may require.

“Agency” means the California Tax Credit Allocation Committee, in its capacity as the designated agency of the State to allocate Housing Tax Credit, acting through any authorized representative.
“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“AHAP Agreement” means an Agreement to Enter into Housing Assistance Payments Contract entered into between the Housing Authority of the City of Los Angeles and the Partnership, to provide Project Base Section 8 assistance for PBV Units in the Project for a period of twenty (20) years.

“AHP Loan” has the meaning set forth in Section 8.02(b)(iv).

“AIA Form(s)” means such form(s) as promulgated by the American Institute of Architects.

“Approved Principals” means The Related Companies of California, LLC, a California limited liability company.

“Architect” means Withee Malcolm Architects, LLP, the architect who prepared the Plans and Specifications and who will perform certain duties and responsibilities through construction for the benefit of the General Partner including inspecting the progress of construction of the Project, providing “contract administrative services” as defined by the American Institute of Architects, inspecting and overseeing the Contractor’s final punch-list, certifying to the dates of Substantial and Final Completion, as more particularly set forth in the agreement between the Partnership and the Architect, a copy of which has been provided to the Investor Limited Partner.

“Asset Management Fee” means the fee payable to Raymond James Tax Credit Funds, Inc. for its services in monitoring the operations of the Partnership as set forth in Section 14.12.

“Authority” or “Authorities” means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

“Average Income Set-Aside Test” means the Minimum Set-Aside Test described in Section 42(g)(1)(C).

“Bankruptcy” or “Bankrupt” as to any Person means:

(a) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days;

(b) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such person or for any substantial part of its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;
(c) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated or discharged within ninety (90) consecutive days;

(d) The admission in writing by such Person of its inability to pay its debts as they become due; or

(e) Such Person becoming “insolvent” by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

“Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“BOE” means the California State Board of Equalization.

“Breakeven Operations” means a period ending on the last day of three (3) consecutive months subsequent to Substantial Completion during which, in each such month, the lesser of: (a) actual Net Operating Income, or (b) Net Operating Income determined as if “Rent” equaled 95% of the rent that would be due and payable if the Project attained 100% occupancy based on rental rates then being charged for the Project, each as reasonably approved by the Investor Limited Partner, is equal to or exceeds the Partnership’s Must-pay Debt Service, including without limitation, for any Permanent Financing (and if Final Closing has not yet occurred, utilizing the Must-pay Debt Service for the Permanent Financing assumed in the Projections).

Such calculation shall be evidenced by a certification of the General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership and shall be subject to the approval of the Investor Limited Partner. The Investor Limited Partner shall be provided with all documents and records which they may reasonably require in order to verify the achievement of Breakeven Operations and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Project) and Management Agent (relating to the Partnership and/or the Project) in connection therewith.

“Capital Account” means the capital account of a Partner as described in Section 6.01.

“Capital Contribution” means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Interest of such Partner.

“Capital Transaction” means any transaction out of the ordinary course of the Partnership’s business which is capital in nature, including without limitation the disposition, whether by partial sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Partners), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part of the Project.

“Centralized Partnership Audit Regime” means Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 and the Protecting Americans from Tax Hikes Act of 2015,
P.L. 114-113), the Tax Technical Connection Act of 2018 (P.L. 115-141), and the Treasury Regulations promulgated thereunder, as amended from time to time.

“Certificate” means the Partnership’s Certificate of Limited Partnership or any other instrument or document which is required under the laws of the State to be filed in the appropriate public offices within the State to perfect or maintain the Partnership as a limited partnership under the laws of the State, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State.

“Certificates of Occupancy” means all necessary certificates of occupancy and or other local governmental approvals which allow for one hundred percent (100%) of the residential units in the Project to be immediately occupied following Substantial Completion. Where described as temporary (as opposed to final or permanent), Certificates of Occupancy may contain conditions or qualifications that are of a punch-list nature, so long as (i) there is a source of funds available to satisfy such conditions or qualifications, and (ii) such conditions or qualifications do not prohibit immediate occupancy.

“Certified Credit” means the aggregate Tax Credit that the Accountants certify in writing to the Investor Limited Partner that the Investor Limited Partner will be able to claim during the Credit Period for all buildings in the Project, assuming full compliance with the rent restrictions and income limitations, and other compliance requirements of the applicable codes and statutes. The calculation of the Certified Credit shall be based, among other things, on the IRS Forms 8609s issued by the Agency for all the buildings comprising the Project, on the Cost Certification, on the number of units in the Project being occupied by Qualified Tenants and on a determination of the applicable fraction and qualified basis of the Project as determined in Section 42 of the Code as such components may be amended due to (i) noncompliance with applicable tax laws and (ii) other facts that may come to the attention of the Accountants.

“Changes in Tax Law” means amendments to the Code after the date of this Agreement and amendments to or the promulgation of new legislative regulations after the date of this Agreement, but shall not include the promulgation of final or temporary Treasury Regulations with respect to Section 42 of the Code or Subtitle A, Chapter 1, Subchapter K of the Code to the extent that such regulations correspond to final, temporary or proposed regulations which were promulgated more than two business days prior to the date of this Agreement.

“Class B Limited Partner” means a General Partner whose Interest is converted to that of a Class B Limited Partner pursuant to Section 9.03(b).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Compiled Balance Sheet” is defined in Section 5.01(c)(iii)(A).

“Completion Capital Contribution” is defined in Section 5.01(c)(ii).

“Compliance Period” means, with respect to any building in the Project, the “compliance period” as defined in Section 42(i)(1) of the Code, and, with respect to the Project, the period beginning on the earliest date that a Compliance Period begins for any building in the Project and ending on the latest date that a Compliance Period ends for any building in the Project.
“Compliance Termination Sale” means ascribed to such term in Section 8.17(c).

“Consent” means the prior written consent or approval of the Investor Limited Partner and/or any other Partner, as the context may require, to do the act or thing for which such consent or approval is solicited.

"Construct" or "Construction" means, with respect to the Project, the construction of those portions of the Project that are being newly constructed and/or the rehabilitation of those portions of the Project that currently exist and are being rehabilitated by the Partnership, all as generally contemplated at the time of the admission of the Investor Limited Partner to the Partnership and described in the Plans and Specifications.

“Construction Consultant” means an independent consultant/architect/engineer retained by the Investor Limited Partner but compensated by the Partnership to conduct a pre-construction review of the plans and specifications and the soils report, review construction progress and confirm completion of Construction in accordance with the plans and specifications, the recommendations in the soils report, and the applicable requirements of all Access Laws.

“Construction Contract” means the construction contract in the maximum amount of $[_______] prior to any adjustment in respect of change orders approved in accordance with this Agreement (including all exhibits and attachments thereto) entered into between the Partnership and the Contractor as of [__________, 2021], pursuant to which the Project is to be Constructed.

“Construction Financing” means (i) the construction portion of the Tax-Exempt Loan, (ii) the Taxable Loan, and (iii) prior to Final Closing, any Permanent Financing but only if and to the extent, under the terms of the applicable Loan Documents, the proceeds of such Permanent Financing may be disbursed to pay costs of Construction prior to the Final Closing.

“Continued Compliance Sale” is defined as ascribed to such term in Section 8.17(c).

“Contractor” means [RD Olson], which is the general construction contractor for the Project.

“Cost Certification” means that certification of the Accountants, acceptable to the Investor Limited Partner in all material respects, and made as soon as practicable after the achievement of Substantial Completion, of the costs of the Project and the amount of the applicable Housing Tax Credit allocable to each Partner, based on the eligible basis and credit percentage applicable to the Project, each based on the Accountant’s audit of the Partnership’s accounting records and any other documentation deemed appropriate by the Accountants, as well as the amount of any other applicable Tax Credit allocable to each Partner.

“Counsel” or “Counsel for the Partnership” means Bocarsly Emden Cowan Esmail & Arndt LLP or such other attorney or law firm upon which the Investor Limited Partner and the General Partner shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“Credit Period” means, with respect to any building in the Project, the “credit period” as defined in Section 42(f)(1) of the Code, and, with respect to the Project, the period beginning on the earliest date that a Credit Period begins for any building in the Project and ending on the latest date that a Credit
Period ends for any building in the Project. When the context requires, the Credit Period shall be deemed to include the year following the Credit Period if Housing Tax Credit is available in that year pursuant to Section 42(f)(2) of the Code, but shall not include later years in the Compliance Period during which Housing Tax Credit may be received under the special rule of Section 42(f)(3) of the Code.

“Credit Reduction Adjustment” is defined as ascribed to it in Section 8.08(c)(ii).

“CRT” means the California Revenue and Taxation Code.

“Current” means at a point in time, that (i) all reserves required to be maintained by the Partnership are fully funded to the extent required as of such time, and (ii) all payments for operating expenses (not including the fees and reimbursements which are paid solely from Net Cash Flow), Must-pay Debt Service, necessary maintenance, preventive maintenance and capital improvements due and payable as of such time (assuming all expenses are paid within 30 days of invoice) have been made or the Partnership has sufficient unrestricted cash reserves to make all such payments.

“DDA” means that certain Disposition and Development Agreement for Rose Hill Courts – Phase I by and between the Housing Authority of the City of Los Angeles and the Partnership dated as of February 5, 2020, as amended by that certain First Amendment to Disposition and Development Agreement for Rose Hill Courts – Phase I dated as of August 28, 2020.

“Decision Maker” means any general partner of a partnership, any managing member or manager of a limited liability company, any officer or director of a corporation, and any other individual who is authorized, empowered, or has apparent authority to make decisions on behalf of any entity.

“Developer” means, collectively, Related Irvine Development Company, LLC, a California limited liability company, and the Managing General Partner, in their capacity as the developers of the Project. [Please provide confirmation that TCAC has approved the second developer]

“Development Agreement” means the Development Agreement between the Partnership and the Developer as of even date herewith relating to the development of the Project and providing for the payment of the Development Fee, in the form set forth in Exhibit A.

“Development Budget” means the cost budget approved by the Administrative General Partner and the Investor Limited Partner with respect to the costs and sources of financing for the development and Construction of the Project, attached hereto as Schedule C of the Projections attached as Exhibit F.

“Development Fee” means the fee payable by the Partnership to the Developer pursuant to Section 8.09.

“8609 Capital Contribution” is defined in Section 5.01(c)(vi).

“Environmental Laws” is defined in Section 4.01(o).

“Environmental Reports” means, collectively, (i) a certain Phase I Environmental Property Assessment dated [_______], prepared with respect to the Project by [_______]. [Please provide an update]
“EPA” means the United States Environmental Protection Agency or any successor government agency thereto.

“Excess Development Costs” means all costs in excess of the proceeds of the Permanent Financing and Capital Contributions (as adjusted pursuant to this Agreement) which are required to (i) achieve Final Completion; (ii) achieve Final Closing; (iii) pay any applicable loan assessment fees, discounts or other expenses incurred by the Partnership as a result of the occurrence of the Initial Closing and/or the Final Closing; (iv) correct any defects in the construction or rehabilitation of the Project (including latent defects discovered within sixty (60) month completion of Construction; provided, however, that the Administrative General Partner may be reimbursed for funds expended correcting latent defects to the extent the cost of repairing such defects are later pair for from an insurance policy or warranty payment) to the reasonable satisfaction of the Investor Limited Partner; (v) fund all reserves required by the terms of this Agreement or any Permanent Lender; (vi) pay all Development Fee that cannot be deferred pursuant to the terms of this Agreement, and (vii) pay any Operating Deficits incurred by the Partnership prior to the Stabilization Capital Contribution.

“Extended Use Agreement” means the Extended Low-Income Housing Covenant for Housing Tax Credit required pursuant to Section 42(h) of the Code to be executed by the Partnership and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Project is to be operated.

“Fifth Permanent Loan” is defined in the definition of Permanent Financing.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) receipt and approval by the Investor Limited Partner of a Cost Certification, which approval shall not be unreasonably withheld or delayed; (iii) closing of the Permanent Financing and disbursement by the Lender of all Permanent Financing proceeds, (iv) repayment of the construction portion of the Tax-Exempt Loan and the Taxable Loan (including release of all guaranties securing the Taxable Loan) and conversion of the Tax-Exempt Loan to its permanent phase, (v) commencement of amortization as to the Permanent Financing (to the extent the Permanent Financing requires principal amortization); (vi) the achievement of Breakeven Operations; (vii) compliance of the Project with the Minimum Set Aside Test and the Rent Restriction Test; (ix) achievement of Qualified Occupancy, and (x) full funding of all required reserves under this Agreement or pursuant to the Project Documents.

“Final Completion” means the date on which the following events have occurred: (i) Substantial Completion including all punch-list items and correction of defective and nonconforming work, (ii) a final application for payment has been submitted by the Contractor accurately reflecting the cost of the work, (iii) the Architect has issued a final certificate of payment to the Contractor, subject to contested amounts for which funds or payment assurance is available (such as bonds, title insurance or escrowed funds) that is reasonably acceptable to the Investor Limited Partner, (iv) if required by the applicable local authorities, final Certificates of Occupancy have been issued with respect to all units in the Project, and (v) Radon Mitigation, if required, has occurred.

“Final Partnership Adjustment” has the meaning given in Section 6231 of the Code.

“Former Partner” means any Person who was a Reviewed Year Partner but is not a Partner in the year of an Administrative Adjustment Request or proposed Partnership Adjustment.

“50% Test” is defined in Section 8.09(b).
“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 40% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

“Fourth Permanent Loan” is defined in the definition of Permanent Financing.

“Funding Conditions” is defined in Section 5.01(f).

“Funding Lender” means MUFG Union Bank, N.A.

“GAAP” means generally accepted accounting principles.

“General Partner” means, collectively, the Managing General Partner and the Administrative General Partner, and any other Person admitted as a General Partner and designated as a General Partner pursuant to this Agreement, and any of their respective successors pursuant to this Agreement, including particularly the provisions of Sections 8.01, 9.02 and 9.04.

“General Partner’s Special Capital Contribution” is defined in Section 5.01(a)(iii).

“Gross Effective Income” means, for any period of time, the entire amount of all receipts by the Partnership (determined on a cash basis) for the operation of the Project, including (a) tenant rentals collected pursuant to tenant leases or occupancies for such period, including without limitation, housing/tenant assistance payments, including utility reimbursements; (b) security deposits forfeited by tenants during such period and non-refundable tenant deposits made during such period; (c) vending, laundry and garage/parking income received during such period; (d) proceeds from rental interruption insurance received during such period; (e) expense-related reimbursements or charges paid by tenants for insurance, taxes, utility charges, and other Project expenses; and (f) other income including cleaning fees, NSF check charges, late charges, and charges for credit checks; excluding, however, (i) proceeds from the sale or condemnation of any part of the Project, (ii) refinancing and other loan proceeds, (iii) Capital Contributions and loans to the Partnership, (iv) refundable security deposits prior to forfeiture; and (v) interest income.

“Ground Lease” means that certain Ground Lease Agreement between the Partnership and the Housing Authority of the City of Los Angeles entered into on or about the date of the Initial Closing.

“Governmental Lender” means the Housing Authority of the City of Los Angeles.


“HAP Contract - PBV” means that certain Project-Based Assistance Housing Assistance Payment Contract for the Project to be entered into by the Partnership and the Housing Authority of the City of Los Angeles pursuant to which the PBV Units will receive Project Based Section 8 assistance.

“HAP Contract - RAD” the Housing Assistance Payments Contract – Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program, pursuant to which HUD has agreed to provide Project Based Section 8 assistance for the RAD Units.
“Hazardous Material(s)” is defined in Section 4.01(o).

“Housing Tax Credit” means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

“HUD” means the United States Department of Housing and Urban Development or any successor government agency thereto.

“Imputed Underpayment” has the meaning set forth in Section 6225 of the Code.

“In-Balance” means, at any time when calculated, when the cumulative amount of the undisbursed Construction Financing, the undisbursed Capital Contributions of the Investor Limited Partner required to be paid in through and including Final Closing, the amount of Development Fee that can be deferred in accordance with Section 8.09, and the cash receipts from operations are sufficient in the exercise of the Investor Limited Partner’s reasonable judgment to pay all of the following sums: (a) all costs of construction to achieve Substantial Completion and Final Closing; (b) all costs of the initial marketing, ownership, maintenance and leasing of the Project units; and (c) all interest and all other sums accruing or payable under the Tax-Exempt Loan documents and Taxable Loan documents. In making a determination that the financing is In-Balance, the Investor Limited Partner will also consider whether the undisbursed Capital Contributions of the Investor Limited Partner, the undisbursed proceeds of the Permanent Financing and other sources of permanent financing (but not cash receipts from operations except to the extent remitted to be used by the Lenders) are adequate to satisfy any outstanding balance owed under the Tax-Exempt Loan and Taxable Loan at the earlier of Final Closing or maturity construction portion of the Tax-Exempt Loan.

“Initial Capital Contribution” is defined in Section 5.01(c)(i).

“Initial Closing” means the date upon which this Agreement is actually executed and delivered (as opposed to its effective date as specified in the introductory paragraph of this Agreement); Initial Closing is anticipated to occur on June [__], 2021.

“Initial Reduction Amount” is defined in Section 5.01(d)(ii).

“Insurance Guidelines” means the standards for insurances coverage required for the development and operation of the Project, a copy of which is attached hereto as Exhibit E.

“Interest” means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of said Act. Such Interest of each Partner shall, except as otherwise specifically provided herein, be that percentage of the aggregate of such benefit or obligation specified by Section 5.01 as such Partner's Interest.

“Investor” means any Person that owns an equity interest, directly or indirectly, in the Investor Limited Partner.

“Investor Limited Partner(s)” means Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, and/or its successors or assigns admitted as Investor Limited Partner.
Partners in accordance with this Agreement, in such Persons’ capacity as an Investor Limited Partner of the Partnership

“Investor Limited Partner’s Estimated Capital Contribution” means the Capital Contribution to be made by the Investor Limited Partner as set forth in Section 5.01(b), prior to adjustment as provided in this Agreement.

“Land” means the tract of land, subject to the Ground Lease, upon which the Project will be located as more fully set forth in Exhibit B.

“Lease-up Adjuster” is defined in Section 5.01(d)(i).

“Lender” means, collectively as the context may require, the Funding Lender, the Government Lender, and the Permanent Lenders.

“Limited Partner(s)” means the Investor Limited Partner, and/or the Special Limited Partners, and/or any other Limited Partner in such Person’s capacity as a limited partner of the Partnership.

“Liquidator” means the Administrative General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

“Loan” means a Construction Loan or a Permanent Financing.

“Loan Documents” means any Mortgage, Note or other documents executed in connection with a Loan.

“Low-Income Units” means those units which the Partnership expects will qualify for the Housing Tax Credit by virtue of being occupied (or deemed occupied under Section 42 of the Code by virtue of being previously occupied) at all times by Qualified Tenants.

“Management Agent” means the management and rental agent for the Project designated pursuant to Section 8.11.

“Management Agreement” means the agreement between the Partnership and the Management Agent providing for the marketing, compliance and management of the Project by the Management Agent.

“Managing General Partner” means LOMOD RHC I, LLC, a California limited liability company.

“Minimum Gain” is defined in Section 7.07(a).

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Partnership has selected or will select the Average Income Set-Aside Test as the Minimum Set-Aside Test and will not select the 20-50 Set-Aside Test or the 40-60 Set-Aside Test as the Minimum Set-Aside.
“Mortgage” means any mortgage or deed of trust to be given by the Partnership in favor of a Lender as maker of any Loan, constituting a lien on the Project and securing a Loan.

“Must-pay Debt Service” means debt service on any loan of the Partnership, including without limitation the Permanent Financing, that is due prior to final maturity of the loan and that must be paid by the Partnership to avoid default on such loan without regard to whether there is Net Cash Flow sufficient to pay such debt service.

“Net Cash Flow” means the sum of (i) all cash actually received from rents, lease payments and all other sources, including subsidy payments from the HAP Contract – PBV and HAP Contract – RAD actually received, but excluding (A) tenant security or other deposits (unless forfeited), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and other casualty or extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the General Partner with the Consent of the Investor Limited Partner and the Lender, if required, less the sum of (i) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership’s business including the management fee to the Management Agent but excluding any fees which are payable solely from Net Cash Flow and any expenditures paid from any Partnership reserve account (whether or not such expenditure is deducted, amortized or capitalized for tax purposes) (ii) all Must-pay Debt Service and any other debt service on the Permanent Financing to the extent then due and payable, but not including any amounts to be paid pursuant to the Development Agreement or on account of Operating Deficit Loans, (iii) the payment of any tax liability owed by the Partnership, and (iv) all amounts deposited into any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Lender or this Agreement or the Investor Limited Partner (with respect to reasonably identified anticipated expenditures for which reserves have not otherwise been established) or as may be determined from time to time by the Administrative General Partner with the Consent of the Investor Limited Partner, and the Lender, if required, to be advisable for the operation of the Partnership.

Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. In no event will Net Cash Flow be deemed to include any Net Interim Income.

“Net Interim Income” means funds received by the Partnership from its operations, prior to Final Closing, which funds exceed expenses (including Must-pay Debt Service accrued and actually due and payable). Net Interim Income is to be applied as provided in Section 7.03(a).

“Net Operating Income” shall equal Rent plus Other Operating Income less Operating Expenses, where those terms have the following meanings:

(a) Rent, for any month, shall be equal to the rent from residential units that was due and payable for such month less any portion of such rent that has not actually been collected by the time the calculation of Rent is being made (excluding any amounts subsidized by the General Partner and adjusted to reflect average monthly rents for leases that include rent-free or reduced rental periods). Rent may include government subsidies of tenant rental revenue, including the HAP Contract – PBV and HAP Contract – RAD, that has been actually received by the time the calculation of rent is being made, but the subsidy amount received shall be attributed to the month in which the subsidy was due rather than to the
Rent shall not include government subsidies of a Permanent Financing (such as an interest rate credit), unless the subsidy has not been factored into the maximum annual debt service described in the definitions of such Permanent Financing. Rent shall not include rent attributable to short-term tenant leases of less than nine months, unless the tenant has actually been a resident of the Project for one year or unless otherwise approved by the Investor Limited Partner. Rent shall not include any amount collected that is in excess of maximum rents permitted by the Agency, any Project Document or applicable law.

(b) Other Operating Income, for any month, shall be equal to monthly collected revenue from recurring sources and shall include forfeitures of deposits, income from any vending or laundry facilities, commercial rents, garage or parking fees, cable television, internet and phone usage (after adjusting for any concessions). Other Operating Income shall not include interest on reserves and security deposits, non-recurring revenue, and withdrawal from reserve accounts.

(c) Operating Expenses, for any month, shall be equal to the greater of (x) monthly accrued operating expenses actually incurred (adjusted for seasonal fluctuations where appropriate and excluding nonrecurring expenses) together with a ratable portion of all other periodic expenses which might reasonably be expected to be incurred on an unequal basis during the full annual period of operation (such as water and sewer charges and other utilities and maintenance expenses), and shall include, but not be limited to, taxes or payments in lieu of taxes, insurance costs, assessments, audit expenses, the funding of any Replacement Reserve deposits required under this Agreement or any Permanent Financing, compliance costs as required by the Agency, payment of the Management Agent’s fees, any other Partnership loans or obligations not paid out of Net Cash Flow, the costs of capital improvements to the Partnership Property incurred after Substantial Completion (which capital improvements are not funded from any Partnership reserves, casualty or condemnation proceeds, any Permanent Financing proceeds, Capital Contributions or the proceeds of any Capital Transactions) and (y) the annual amount of such expenses assumed in the Projections.

“Note” means any mortgage or deed of trust promissory note given by the Partnership in favor of a Lender, evidencing a Loan.

“Notice” means a writing containing the information required by this Agreement to be communicated to a Partner and sent by express courier or telephone facsimile transmission (provided that such facsimile transmission shall be immediately followed by a “hard” original of such writing delivered by a method set forth in this definition), or by registered or certified mail, with postage prepaid and return receipt requested, to such Partner at such Partner's address as specified pursuant to Section 17.07. The date of receipt of the Notice (or the next business day if the date of receipt is not a business day) (or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable) shall be deemed the date of such Notice; provided, however, that any written communication containing such information sent to such Partner actually received by such Partner shall constitute Notice for all purposes of this Agreement.

“Operating Deficit” means the amount by which the revenues of the Partnership from rental payments made by tenants of the Project (excluding security deposits until forfeited), and all other revenues of the Partnership (other than Capital Contributions, the proceeds of any loans to the Partnership and investment earnings on funds on deposit in the Replacement Reserve and other such reserve or escrow funds or accounts) for a particular period of time, is exceeded by the sum of all operating and maintenance expenses, the funding of the Replacement Reserve or any other reserve required by this Agreement or any Project Document, all Must-pay Debt Service, any fees to the Lender and/or any
applicable mortgage insurance premium payments and all other Partnership obligations or expenditures (but excluding payments for Construction of the Project and fees and other expenses and obligations of the Partnership to be paid solely from Net Cash Flow or from the Capital Contributions of the Investor Limited Partner to the Partnership), during the same period of time.

“Operating Deficit Guaranty Period” is defined in Section 8.08(b).

“Operating Deficit Loan(s)” is defined in Section 8.08(b).

“Operating Expenses” is defined within the definition of Net Operating Income.

“Operating Reserve” means the account established to fund Operating Deficits in accordance with Section 8.14.

“Operating Reserve Minimum” is defined in Section 8.14.

“Original Certificate” means the initial Certificate filed in connection with the formation of the Partnership.

“Other Operating Income” is defined within the definition of Net Operating Income.

“Partner” means any General Partner and any Limited Partner.

“Partner Loan” means any loan made by any Partner to the Partnership pursuant to Section 8.12 or Section 11.04.

“Partnership” means Rose Hill Courts I Housing Partners, L.P., a California limited partnership.

“Partnership Adjustment” means any adjustment to any partnership related items under Section 6241(2)(A) of the Code or as described in any applicable Regulations or other guidance prescribed by the IRS.

“Partnership Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“Partnership Management Fee” means the fee payable by the Partnership to the Managing General Partner and Administrative General Partner as set forth in Section 8.17.

“Payment Date” means the later of the date which is ninety (90) days after the end of the Partnership’s fiscal year with respect to the preceding fiscal year or the date on which the General Partner has delivered to all Partners the financial statements and information required to be delivered under Sections 14.01 and 14.02.

“PBV Units” shall mean the 77 units in the Project receiving project based assistance from the HAP Contract.

“Percentage Interest” means the percentage Interest of each Partner as set forth in Section 5.01(b).

“Permanent Financing” means: [Priority of loans under review]
The permanent phase of the Tax-Exempt Loan.

The second priority mortgage recourse permanent loan (“Second Permanent Loan”) to the Partnership made by the Housing Authority of the City of Los Angeles in the maximum principal amount of [$7,100,000], which loan shall accrue simple interest at a rate of [3.0%] per annum (which has an OID equivalent rate of [1.79%]) and have a term of 55 years from completion of Construction, with no Must-Pay Debt Service and payments made from available Net Cash Flow.

The third priority mortgage recourse permanent loan (“Third Permanent Loan”) to the Partnership made by the Housing Authority of the City of Los Angeles in the original principal amount of [$8,350,000], which upon payment of the Investor Limited Partner’s 8609 Capital Contribution will be paid down to a principal amount of [$5,287,445], which loan shall accrue simple interest at a rate of [3.0%] per annum (which has an OID equivalent rate of [1.79%]) and have a term of 55 years from completion of Construction, with no Must-Pay Debt Service and payments made from available Net Cash Flow.

The fourth priority mortgage recourse permanent loan (“Fourth Permanent Loan”) to the Partnership made by the Housing Authority of the City of Los Angeles in the maximum principal amount of [$3,519,300], with funds made available through IIG Grant Funds, which loan shall not accrue interest and have a term of 55 years from completion of Construction, with no Must-Pay Debt Service and payments made from available Net Cash Flow.

The fifth priority mortgage non-recourse permanent loan (“Fifth Permanent Loan”) to the Partnership made by the California Department of Housing and Community Development in the maximum principal amount of [$12,000,000], with funds made available through AHSC Program Loan Funds, which loan shall accrue interest at a rate of [1.79]% per annum and have a term of 55 years from completion of Construction, with a portion of the interest rate equal to 0.42% as Must-Pay Debt Service and remaining payments of principal and interest made from Net Cash Flow.

“Permanent Lenders” means (i) the Funding Lender and Governmental Lender, in their capacity as the maker of the Tax-Exempt Loan, or its successors and assigns in such capacity, acting through any authorized representative; (ii) Housing Authority of the City of Los Angeles, in its capacity as the maker of the Second Permanent Loan, Third Permanent Loan and Fourth Permanent Loan, or its successors and assigns in such capacity, acting through any authorized representative; and (iii) California Department of Housing and Community Development, in its capacity as the maker of the Fifth Permanent Loan, or its successors and assigns in such capacity, acting through any authorized representative.

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Plans and Specifications” means the plans and specifications for the Project, as referenced in the Construction Contract, stamped with the seal of the Architect and/or engineer which are subject to the approval of the Investor Limited Partner, any changes thereto made in accordance with the terms of this Agreement and the list of drawings compiled in connection with these plans and specifications.

“Prime Rate” means the rate published from time to time in *The Wall Street Journal* as the prime rate. The Prime Rate shall change as such rate changes.
“Project” means the land and any improvements thereon currently owned (or to be owned) by the Partnership located in Los Angeles, California, and the 89-unit multifamily rental housing development and other improvements to be Constructed, owned and operated thereon by the Partnership, and to be known as Rose Hill Courts – Phase I. There will be one manager’s unit. A description of the Land on which the Project will be located is provided in Exhibit B, attached hereto. [Pursuant to the DDA, Phase II will include a clubhouse to be shared with Phase I. Please confirm if there will be any shared use/access agreements with Phase II. If Phase II does not happen, will this be a default?]

“Project Documents” means and includes the Plans and Specifications, any permits and licenses which are required for the construction, operation and use of the Project, the Development Agreement, the Tax Credit Application, the Swap Documents, the Construction Contract, municipal or government agency development agreements, the Radon Report, agreements with the Architect, engineers, environmental abatement consultants and contractors and other third party contractors disclosed in writing to the Investor Limited Partner, any purchase option agreement executed in connection herewith, any agreement for the provision of services to the Project, the Loan Documents, the Regulatory Agreement, the Extended Use Agreement, the Management Agreement, all agreements attached hereto, the Unconditional Guaranty, the Social Services Agreement, the AHAP Agreement, the HAP Contract – PBV, HAP Contract – RAD, the RAD Documents, including the RCC, DDA, the Ground Lease, and all other instruments delivered to (or required by), any Lender or the Agency and all other documents relating to the Project or executed in connection with any of the aforesaid documents and by which the Partnership is bound, as amended or supplemented from time to time.

“Projected Credit” means the Tax Credit projected to be allocated to the Investor Limited Partner, consisting of Housing Tax Credit in the amount of $[1,411,226] for 2023, $[1,922,435] per year for each of the years 2024-2032, and $[511,209] for 2033.

“Projections” means the projections of the anticipated results of the operation of the Partnership attached hereto as Exhibit F to this Agreement and approved by the Administrative General Partner and the Investor Limited Partner.

“Property Tax Exemption” means the real estate tax exemption provided for under CRT Section 214(g), as amended, and as further defined by Property Tax Rule 140.

“Property Tax Rules” means the rules and regulations of the BOE applicable to the Property Tax Exemption, including, without limitation, BOE Property Tax Rules 140 and 140.1, as such may be modified or amended.

“Public Use Test” means the requirement whereby the units in the Project must be available for use by the general public.

“Purchase Price” is defined in Section 8.17(a).

“Push-Out Election” is defined Section 13.06(b)(iii).

“Qualified Occupancy” means the achievement of initial occupancy by Qualified Tenants of each of the Low-Income Units in the Project that is to be included in the numerator of the applicable fraction for purposes of determining the Certified Credit. For purposes of determining Qualified Occupancy, the same Qualified Tenant may not simultaneously qualify two units.
“Qualified Tenants” means tenants under executed leases of at least nine (9) months who at the time of their initial occupancy of the Project (i) are charged rents that satisfy the Rent Restriction Test and (ii) have incomes at or below the income limits under the Minimum Set-Aside Test.

“RAD Documents” shall mean, collectively, the HAP Contract – RAD related to the RAD Units, the RCC and the Use Agreement.

“RAD Requirements” shall mean (1) 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, (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32, as it may be amended from time to time), 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 Project only to the extent that they interpret, clarify and implement terms in the applicable closing document rather than add or delete provisions from such document, and (3) the RAD Documents.

“RAD Units” shall mean, collectively, the 11 Low-Income Units subject to the RCC.

“RCC” shall mean, the RAD Conversion Commitment, and any amendment thereto, applicable to the Project.

“Radon Mitigation” means each building in the Project, if a Radon Report is required, has evidenced a radon level not in excess of the Environmental Protection Agency’s (the “EPA”) recommended actionable level of 4.0 pC/l, as certified by an environmental consultant selected by the General Partner and approved by the Investor Limited Partner, and if the Radon Report evidenced a radon level in excess of the EPA’s recommended actionable level of 4.0 pC/l, the General Partner has implemented a radon mitigation system meeting the EPA’s guidelines for radon prevention and/or mitigation as approved by the Investor Limited Partner, in its reasonable discretion and have conducted a new Radon Report that shows levels below 4.0 pC/l.

“Radon Report” means a radon gas test measurement report and conclusion for each building (minimum of one test per building) in the Project upon Construction completion, unless the Project is located in a county in EPA radon map Zone 3. No Radon Report is required if the Project is located in Zone 3, as designated by the EPA. The Radon Report must come from a radon service professional (a) who meets state-specific requirements, if any, for providing such Radon Reports, and (b) who has a proficiency listing, accreditation, or certification in radon test measurement from either (1) The National Environmental Health Association (NEHA) National Radon Proficiency Program or (2) The National Radon Safety Board (NRSB).

“Recapture Amount” is defined in Section 7.04(c).

“Regulatory Agreement” means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and the Lender or any applicable Authority at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

“Rent” is defined within the definition of Net Operating Income.
“Rent Restriction Test” means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

“Replacement Reserve” means the cash funded reserve for replacements required by the Lender in connection with the Permanent Financing and by the Investor Limited Partner as required pursuant to Section 8.13.

“Reserve Minimum Payment” is defined in Section 8.13.

“Restricted Period” is defined in Section 10.03(b).

“Reviewed Year” means the Partnership taxable year to which a Partnership Adjustment relates.

“Reviewed Year Partner” means any Person who held an interest in the Partnership at any time during the Reviewed Year.

“Second Permanent Loan” is defined in the definition of Permanent Financing.

“Social Services Agreement” means that certain memorandum of understanding between the Partnership and [________]. [Please provide]

“Special Additional Capital Contribution” is defined in Section 5.01(c)(v).

“Special Limited Partner” means any Person admitted to the Partnership as a Special Limited Partner in accordance with this Agreement, in its capacity as a Special Limited Partner. There is currently no Special Limited Partner.

“Stabilized Operations” means the date upon which all of the following events have occurred: (i) Final Completion and Final Closing, (ii) the HAP Contract – PBV and HAP Contract – RAD remain in fully force and effect, and (iii) Rent must be not less than $[153,011] in each month of Stabilized Operation based on rental rates that, assuming one hundred percent (100%) occupancy, would achieve a monthly rental income of $[161,064], and (iv) for each of three (3) consecutive months (the last of which must end after or concurrently with Final Closing), the lesser of: (a) actual Net Operating Income, or (b) Net Operating Income determined as if “Rent” equaled 95% of the rent that would be due and payable if the Project attained 100% occupancy based on rental rates then being charged for the Project (each as determined by the Accountants and approved by the Investor Limited Partner) is at least equal to 115% of the Partnership’s Must-pay Debt Service (which shall be calculated based on the fixed interest rate under the Swap Documents). The requirement specified in (iii) of the preceding sentence shall not apply if the audited financial statements of the Partnership show that, for a full fiscal year beginning after Substantial Completion, Net Operating Income for such 12 month period was at least equal to 115% of the Partnership’s Must-pay Debt Service for such 12 month period (which if calculated prior to commencement of amortization of the Tax Exempt Loan shall be calculated as if such loan was amortizing in accordance with its amortization schedule). Furthermore, solely for purposes of calculating the achievement of Stabilized Operations, Rent shall be calculated excluding the amount of any tenant based vouchers or subsidies which would not otherwise remain with the Project if the tenant no longer occupied a Unit in the Project, but shall include the maximum allowable rent pursuant to the Rent Restrictions Test for such Unit.
Such calculation shall be attested to by the Accountants in accordance with standards established by the American Institute of Certified Public Accountants (the form of which attestation shall be subject to approval of the Investor Limited Partner), shall be subject to the approval of the Investor Limited Partner and shall be evidenced by a certification of the Administrative General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership. The Investor Limited Partner shall be provided with all documents and records which they may reasonably require in order to verify the achievement of Stabilized Operations and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Project) and Management Agent (relating to the Partnership and/or the Project) in connection therewith.

“Stabilization Capital Contribution” is defined in Section 5.01(c)(iv).

“State” means the State of California.

“Subsidy Transition Reserve” means the account established to fund Operating Deficits in accordance with Section 8.15.

“Substantial Completion” means the date on which all the following events have occurred: (i) construction or rehabilitation of the Project is substantially complete in good and workmanlike manner, lien-free or bonded over to the reasonable satisfaction of the Investor Limited Partner and defect free (including remediation of any environmental issues), in substantial accordance with the Plans and Specifications, the terms and provisions of this Agreement and the terms and provisions of the Project Documents, to the reasonable satisfaction of the Investor Limited Partner, except for non-material punch list items that do not impede the rental of the space in the Project on a full rent paying basis, which receive the consent of the Investor Limited Partner, provided funds have been placed in escrow (or otherwise provided or guaranteed to the reasonable satisfaction of the Limited Partner) to provide for the completion of such punch list items in form, substance and amount reasonably acceptable to the Investor Limited Partner; (ii) the Architect has issued a certificate of completion in the form of AIA Document G704 or a substantially similar form reasonably acceptable to the Investor Limited Partner and the Construction Consultant has confirmed Substantial Completion; (iii) delivery and installation in the Project of all necessary and appropriate fixtures, equipment and personal property, including, without limitation, installation of all required appliances in the residential units in the Project has occurred; (iv) all required temporary or permanent Certificates of Occupancy for all the residential units in the Project have been issued; (v) all amounts owing to the Contractor for the construction or rehabilitation of the Project have been paid-in-full (subject to holdbacks for “punch list items”); (vi) final lien waivers have been obtained (or if payments are contested, funds or payment assurance reasonably acceptable to the Investor Limited Partner is available (such as bonds, title insurance or escrowed funds)); (vii) a clean down-dated Title Policy has been issued to the Partnership in a form reasonably acceptable to the Investor Limited Partner with such endorsements as the Investor Limited Partner may reasonably require; and (viii) no event of default has occurred and is continuing under any of the Project Documents.

“Substitute Limited Partner” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 10.03.

“Supplemental Clearance Certificate” means that certain certificate granted by the BOE, as more particularly described under Property Tax Rule 140.2.
“Swap Documents” means that certain ISDA Master Agreement effective as of [______, 2021] entered into between the Partnership and the Lender and any other documents in connection with the swap being used to fix the permanent interest rate of the Permanent Note.

“Taxable Loan” means the construction loan from the Governmental Lender made with the proceeds of a loan from the Funding Lender, evidenced by the Taxable Note. The Taxable Note will be in the initial amount of $[3,466,588] bear interest at a rate of [3.0%] per annum, and mature 30 months (with two 3-month optional extensions) after Initial Closing.

“Taxable Note” means Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021B in the face amount of approximately [$3,466,588].

“Tax Credit” means the Housing Tax Credit.

“Tax Credit Determination” means a letter or other writing from the Agency indicating that the Project satisfies the requirements of Section 42(h)(4) of the Code for an allocation of Housing Tax Credits under the State qualified allocation plan and a letter from the Governmental Lender that the amount of credits allocated is necessary for the feasibility and viability of the Project as a low-income housing project pursuant to Section 42(m)(2)(d).

“Tax Credit Application” means the Partnership’s application to the Agency for a Housing Tax Credit Reservation.

“Tax Credit Recapture Event” means (a) the filing of a tax return or an amended return by the Partnership evidencing a reduction in the qualified basis of the Project or an event described in Section 42(j) of the Code causing a recapture of Housing Tax Credits previously allocated to an Investor Limited Partner, (b) an administrative adjustment by the Internal Revenue Service (“IRS”), evidencing a reduction or recapture of Tax Credit previously allocated to the Investor Limited Partner, unless the Partnership shall timely file a petition with respect to such adjustment with the United States Tax Court or any other court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other court of competent jurisdiction upholding the assessment of such administrative adjustment against the Partnership with respect to any Tax Credit previously claimed in connection with the Project, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, (d) the decision of a court of competent jurisdiction affirming such decision or (e) any other event which would cause a recapture of a Tax Credit under applicable law.

“Tax-Exempt Loan” means the construction/permanent loan from the Governmental Lender made with the proceeds of a loan from the Funding Lender, evidenced by the Tax Exempt Note. The Tax Exempt Note will be in the initial amount of $[31,843,632] bear interest at a rate of [3.0%] per annum during its construction phase and have an interest rate fixed pursuant to the Swap Documents at [3.60%] after conversion. The Tax Exempt Loan will have a construction period of [30] months (with two 3-month optional extension) with interest only payments due during this period. Upon completion of Construction and satisfaction of certain other conditions, the Tax Exempt Loan will convert to its permanent phase consisting of two tranches (i) Tranche A in a principal amount not to exceed $[1,338,000] and (ii) Tranche B in the principal amount not to exceed $[13,665,000] and the construction portion will be repaid in full. The permanent phase of the Tax Exempt Loan will be a nonrecourse
obligation of the Partnership, and each tranche will have term of [17 years] and will amortize over a 35-year period with expected Must-Pay Debt Service of $[842,573] collectively per annum.

“Tax-Exempt Loan Documents” means the Tax Exempt Note and other documents evidencing the Tax Exempt Loan.

“Tax-Exempt Note” means, collectively, (i) Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A in the face amount of approximately $[_______] and (ii) (i) Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C in the face amount of approximately $[_______], for a total aggregate amount of $[31,843,632] and will be an obligation described in Section 42(h)(4)(A) of the Code.

“Tax Share” is defined in Section 13.06(b)(v).

“Taxable Income Reduction Amount” is defined in Section 5.01(d)(v).

“Third Permanent Loan” is defined in the definition of Permanent Financing.

“TIC” is defined in Section 14.08(d).

“Timing Reduction Amount” is defined in Section 5.01(d).

“Timing Shortfall” is defined in Section 5.01(d)(i).

“Title Policy” means an owner’s title insurance policy issued by First American Title Company, insuring the Partnership’s fee simple interest in and to the Land and the Project, as of the date of this Agreement or the date of acquisition of the Land and Project, if later, in an amount not less than the combined value of all projected indebtedness for the Project and the Capital Contributions, showing no encumbrances and exceptions to title other than the Construction Loan or the Permanent Financing and any other title matters approved in writing by the Investor Limited Partner, and containing those endorsements as the Investor Limited Partner may reasonably require, including, without limitation, extended coverage, a contiguity endorsement, a survey identicality or “same as survey” endorsement, an access endorsement, a comprehensive endorsement, a “fairway” endorsement and a non-imputation endorsement.

“20-50 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 20% of the units in the Project must be occupied by individuals with incomes of 50% or less of area median income, as adjusted for family size.

“Unconditional Guaranty” means the Guaranty executed by the Guarantor, as set forth in Exhibit C, pursuant to which the Guarantor has guaranteed obligations of the General Partner and the Developer.

“Upward Allocation Adjustment” is defined in Section 5.01(d)(vii).

“Upward Timing Adjustment” is defined in Section 5.01(d)(viii).

“Withdrawing Limited Partner” means Nicholas Company, Inc., a Delaware corporation.
ARTICLE III

PURPOSE AND BUSINESS OF THE PARTNERSHIP

3.01 Purpose of the Partnership. The Partnership has been organized exclusively to own a leasehold interest in the Land pursuant to the Ground Lease and to develop, finance, Construct, own, maintain, operate and sell or otherwise dispose of the Project, in order to obtain for the Partners long-term appreciation, cash income, and tax benefits consisting of Tax Credit and tax losses over the term hereof all in furtherance of the charitable purposes of the members of the Managing General Partner, which include but are not limited to providing housing for low-income persons.

3.02 Authority of the Partnership. In order to carry out its purpose, the Partnership is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Partnership, including but not limited to the following:

(a) lease the Land subject to the terms of the Ground Lease and own the Project;

(b) Construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;

(c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement and the Regulatory Agreement so long as the Extended Use Agreement and the Regulatory Agreement, as applicable, remain(s) in force;

(d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership;

(e) borrow money and issue evidences of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, or other lien except as limited by Section 8.02(b);

(f) maintain and operate the Project and enter into any agreement for the management of the Project during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Lender, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Partnership, or for the refinancing of any Loan on the property of the Partnership;

(h) enter into the Regulatory Agreement, the Loan Documents, and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to the Housing Tax Credit and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Partners, subject to any requirements which may be
imposed by the Extended Use Agreement, the HAP Contract – PBV, the HAP Contract – RAD, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Partnership’s business.

**ARTICLE IV**

**WARRANTIES AND COVENANTS AND DUTIES AND OBLIGATIONS OF GENERAL PARTNER**

4.01 **Representations, Warranties and Covenants.** Except as noted below where such representation, warranty or covenant is made by a specific General Partner, each General Partner hereby represents, warrants and covenants to the Partnership and to the Partners, with the understanding that each General Partner makes such representations, warranties and covenants; provided, however, any representation or warranty specifically attributed to a particular General Partner shall be the representation or warranty of that General Partner only and shall not be attributed to the other General Partner, that:

(a) the Partnership is and will continue to be a valid limited partnership, duly organized and in good standing under the laws of the State, and shall have and shall continue to have full power and authority to own a leasehold in the Land and to develop, Construct, own, operate and maintain the Project in accordance with the terms of this Agreement and the Ground Lease, and shall have taken and shall continue to take all action under the laws of the State and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partners and to enable the Partnership to engage in its business;

(b) the execution and delivery of this Agreement by it and the performance by it of the transactions contemplated hereby have been duly authorized by all requisite actions or proceedings; it is duly organized, validly existing and in good standing under the laws of the State with power to enter into this Agreement and to consummate the transactions contemplated hereby;

(c) the Administrative General Partner is a single purpose entity and shall satisfy the following requirements:

(i) it shall not engage, has not engaged and does not engage, in any business other than acting as a general partner of the Partnership.

(ii) it shall not enter into and has not entered into any contract or agreement with any Affiliate of the Administrative General Partner, any constituent party of the Administrative General Partner, or any Affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm’s length basis with third parties other than any such party.

(iii) it has and shall continue to pay its debts and liabilities from its own assets as the same shall become due. No Affiliate has paid any debts or liabilities on behalf of the Administrative General Partner.
(iv) It has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any Affiliate.

(v) It has and shall continue to maintain separate annual financial statements prepared in accordance with GAAP, consistently applied, showing its assets and liabilities separate and distinct from those of any other entity; in the event the financial statements of the General Partner are consolidated with the financial statements of any other entity, the General Partner has and shall continue to cause to be included in such consolidated financial statements: (A) a narrative description of the separate assets, liabilities, business functions, operations and existence of the General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (B) a statement that the General Partner’s assets and credit are not available to satisfy the debts of such other entity or any other person.

(vi) It has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law.

(vii) It has and shall continue to (A) hold itself out as an entity separate and distinct from any other Person; (B) not identify itself or any of its Affiliates as a division or part of the other; (C) correct any known misunderstanding regarding its separate status; and (D) use separate stationery, invoices, checks, and the like bearing its own name.

(viii) It has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of the General Partner are to be addressed and mailed directly to the General Partner, though this provision shall not prohibit such mail to be delivered to the General Partner c/o any other entity.

(ix) It has and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.

(x) It has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or Affiliate.

(xi) It has and shall continue to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party.

(xii) Except in connection with the Construction Financing and standard nonrecourse carve-outs provided in connection with the Permanent Financing, it has not and shall not (A) assume or guarantee the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership or, (B) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership.
(whether by operation of law or otherwise), or (C) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to occur, or (D) hold the Partnership’s credit as being available to satisfy the obligations of any other Person.

(xiii) All transactions carried out by the Administrative General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the Administrative General Partner.

(xiv) it is not a “tax-exempt entity” within the meaning of Section 168(h) of the Code or a “tax-exempt controlled entity” that would be treated as such a tax-exempt entity.

(d) the Managing General Partner, shall satisfy the following requirements:

(i) it shall not enter into and has not entered into any contract or agreement with any Affiliate of the Managing General Partner, any constituent party of the Managing General Partner, or any Affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm’s length basis with third parties other than any such party;

(ii) it has and shall continue to pay its debts and liabilities from its own assets as the same become due. No Affiliate has paid any debts or liabilities on behalf of the Managing General Partner;

(iii) it has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any Affiliate;

(iv) it has and shall continue to maintain separate annual financial statements prepared in accordance with GAAP, consistently applied, showing its assets and liabilities separate and distinct from those of any other entity; in the event the financial statements of the Managing General Partner are consolidated with the financial statements of any other entity, the Managing General Partner has and shall continue to cause to be included in such consolidated financial statements: (A) a narrative description of the separate assets, liabilities, business functions, operations and existence of the Managing General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (B) a statement that the Managing General Partner’s assets and credit are not available to satisfy the debts of such other entity or any other person;

(v) it has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law;

(vi) it has and shall continue to (A) hold itself out as an entity separate and distinct from any other Person; (B) not identify itself or any of its Affiliates as a division or part of the other; (C) correct any known misunderstanding regarding its separate
status; and (D) use separate stationery, invoices, checks, and the like bearing its own name;

(vii) it has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of the Managing General Partner are to be addressed and mailed directly to the Managing General Partner, though this provision shall not prohibit such mail to be delivered to the Managing General Partner c/o any other entity;

(viii) it has and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(ix) it has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or Affiliate;

(x) it has and shall continue to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party;

(xi) except in connection with the Construction Financing and standard nonrecourse carve-outs provided in connection with the Permanent Financing, it has not and shall not (A) assume or guarantee the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership or, (B) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership (whether by operation of law or otherwise), or (C) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to occur, or (D) hold the Partnership’s credit as being available to satisfy the obligations of any other Person;

(xii) the Managing General Partner is wholly owned by La Cienega LOMOD, Inc. a “tax-exempt entity” within the meaning of Section 168(h) of the Code; and

(xiii) all transactions carried out by the Managing General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the Managing General Partner.

(e) the construction and development of the Project shall be undertaken and shall be completed in a timely, good and workmanlike manner in substantial accordance with (i) all applicable requirements of the Construction Loan and the Project Documents, (ii) all applicable requirements of all appropriate Authorities, (iii) all applicable laws, rules, building codes and requirements and (iv) the Plans and Specifications of the Project that have been or are hereafter approved by the Funding Lender, Government Lender, the Investor Limited Partner and any applicable Authorities, as such Plans and Specifications may be changed from time to time in accordance with the provisions of Section 4.02(y).
(f) that the Plans and Specifications have been reviewed and approved by the Contractor and Architect.

(g) the Construction Contract, a true and correct copy of which (including all exhibits) has been provided to the Investor Limited Partner, has been entered into between the Partnership and the Contractor; no other consideration or fee is payable to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract.

(h) the Land is and will be properly zoned for the Project; all consents, permissions and licenses required by all applicable Authorities for the use and Construction of the Project as set forth in the Plans and Specifications have been obtained or, when required, will be obtained, and the use and Construction of the Project pursuant to the Plans and Specifications conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations;

(i) one hundred percent (100%) payment and performance bonds in the full amount of the Construction Contract issued by a nationally, financially recognized bonding company noted in the Department of the Treasury’s listing of approved sureties (Department Circular 570), or a letter of credit from a banking institution approved by the Investor Limited Partner, Funding Lender and Government Lender in amounts satisfactory to the Funding Lender, Government Lender and the Investor Limited Partner, in either case, in forms acceptable to the Funding Lender, Government Lender and the Investor Limited Partner will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Funding Lender, Government Lender and the Investor Limited Partner; in the alternative, the obligations of the Contractor will be guaranteed by the Guarantor;

(j) it has fully complied with all applicable, material provisions and requirements of any and all purchase and/or lease agreements, loan agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Project; it shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements;

(k) all legally required or appropriate roads, public utilities in adjoining public rights-of-way, including, without limitation, sanitary and storm sewers, telephone, water, gas and electricity, are currently available and will be operating and maintained properly in compliance with all applicable legal requirements for all units in the Project at the time of first occupancy of such units and no utility service or access to the site is by private or shared improvements (except through easements insured under the Title Policy);

(l) it shall cause the insurance coverages set forth in the Insurance Guidelines, a copy of which is attached hereto as Exhibit E, insuring the Partnership and covering the Land and the Project, to be established and maintained in full force and effect during the term of the Partnership;

(m) Intentionally omitted;

(n) to the extent that there exist, in the reasonable determination of the Investor Limited Partner, any substantial delays in the construction of the Project, the General Partner shall
provide the Investor Limited Partner with a recovery schedule or updated schedule reflecting the new timeline for completion of the Project;

(o) during construction and upon completion of the Project, hail, wind or hurricane insurance coverage and, if the Land is ever determined to be in a flood zone by the appropriate authority, flood insurance shall be secured in form and amounts acceptable to the Investor Limited Partner;

(p) except as otherwise disclosed in writing and approved by the Investor Limited Partner, based upon its actual knowledge and the Environmental Reports, the Land (along with any other real property owned by the Partnership) does not contain and is not affected by any Hazardous Material (as hereinafter defined); neither the General Partner, the Partnership, nor the Land or any portion thereof is in violation of any applicable Environmental Laws (as hereinafter defined); neither such General Partner nor the Partnership has received notice of any violations of any Environmental Laws relating to or affecting the Land; and no actions, suits or proceedings have been commenced, or are pending, or to the best knowledge of such General Partner, are threatened with respect to any Environmental Laws and which relate to the Land or the Project or any of the Partnership’s other properties or assets. Except as otherwise disclosed in writing and approved by the Investor Limited Partner, it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Materials at, upon, under or within the Land or any contiguous real estate. Neither such General Partner nor, to the best of its knowledge, any other party, is or will be involved in operations at or, pursuant to such General Partner’s best knowledge, near the Land, which operations would lead to (A) a determination of liability under the Environmental Laws as to the Partnership, or (B) the creation of a lien on the Land under the Environmental Laws. It covenants and agrees that it shall not take any action or fail to take any action, or permit any other person or entity within the General Partner’s control to take any action or fail to take any action and it will use its best efforts not to permit any tenant or occupant of the Project to engage in any activity, which would result in the Project or the Land containing or being affected by any Hazardous Materials in violation of any Environmental Laws, or would result in any Hazardous Materials being released from the Project in violation of any Environmental Laws. It shall comply strictly and in all respects with all requirements of the Environmental Laws. It further covenants and agrees that it will promptly notify the Investor Limited Partner if the General Partner gains knowledge of any of the following: (i) the presence or possible presence of any Hazardous Material on, in, affecting, or released from the Project or the Land; (ii) the violation of any Environmental Laws with respect to the Partnership, the Land or the Project; and (iii) any notice of violation of or requesting action pursuant to any Environmental Laws or the commencement of any actions, suits, or proceedings relating to Environmental Laws and relating to or affecting the Project or the Land. It shall promptly deliver to the Investor Limited Partner a copy of any notice of violation of any Environmental Laws and any court documents or correspondence relating to any action, suit or proceeding in connection with Environmental Laws. For purposes of this Section, “Hazardous Material” or “Hazardous Materials” means and includes petroleum products, flammable explosive, radioactive materials, lead-based paint, methane gas, urea formaldehyde insulation, asbestos or any material containing asbestos, polychlorinated biphenyls, radon, underground storage tanks and/or any hazardous, toxic or dangerous waste, substance or material now or hereafter defined as such or any similar term, by or in the Environmental Laws but not including construction products, household cleaners and office materials of the type and quantity ordinarily used in the normal construction, operation and maintenance of properties similar to the Project so as not to be defined as Hazardous Materials by or in the Environmental Laws. For purposes of this Section, “Environmental Law” or “Environmental Laws” means and includes any federal, state, and local laws, statutes, rules, regulations and ordinances pertaining to the protection of the environment and otherwise pertaining to public health or employee health and safety, including, but not limited to, the Residential Lead-Based Paint Hazard Reduction Act of 1992, the Comprehensive Environmental Response,
Compensation and Liability Act; the Clean Air Act; the Clean Water Act; the Toxic Substance Control Act; the Safe Drinking Water Control Act; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act; the Hazardous Water Management System, the Emergency Planning and Community Right to Know Act and the Occupational Safety and Health Act of 1970;

(q) the Project is located in a Radon Zone designated as Zone 1 by the EPA;

(r) the Partnership has a good and marketable leasehold simple interest in the Land and title to the Project, as evidenced by issuance of the Title Policy, subject only to such defects, encumbrances and other exceptions disclosed in the Title Policy as of the Initial Closing or as the Investor Limited Partner shall otherwise approve in writing after the date of the Initial Closing;

(s) at and after Final Closing, except for the Second Permanent Loan, the Third Permanent Loan and Fourth Permanent Loan, the Partnership and the Partners and their Affiliates shall have no personal liability for the repayment of the principal of or payment of interest on the Permanent Financing (other than customary non-recourse carve out provisions which have been consented to by the Investor Limited Partner), that the sole recourse of the Lender, with respect to the principal thereof and interest thereon shall be to the property securing the Permanent Financing, except that any Partner shall be personally responsible (i) for funds or property of the Project coming into such party’s hands, which, by the terms of the Regulatory Agreement it is not entitled to retain, and (ii) for such party’s own acts and deeds, or the acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement;

(t) there is no default under any agreement, contract, lease or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or, to the knowledge of the General Partner, threatened against the General Partner, the Project or the Partnership, or related to the business or assets of the Partnership or of the Project, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Partnership or of the Project;

(u) except as set forth in the Loan Documents, neither such General Partner nor any of its Affiliates nor the Partnership, has entered, or shall enter, into any agreement or contract for the payment of any Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guaranty of payment of any such interest charges or financing fees relating to a Loan; in no event will the General Partner or the Partnership enter into any such agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) which would subject the Partnership or any of the Partners to personal liability as to the principal of or interest on the Permanent Financing following Final Closing (except for customary non-recourse carve-out provisions which have been Consented to by the Investor Limited Partner);

(v) at Final Closing, the principal amount of the Permanent Financing shall not exceed an amount which the Investor Limited Partner determines in the exercise of its reasonable discretion would result in amortized monthly payments of principal and interest that would prevent three (3) consecutive months of Stabilized Operations from being achieved prior to [April 30, 2024] (based on projected revenues and operating expenses) and the General Partner will fund, under its Construction Completion Guaranty described in Section 8.08(a), any reduction in the principal amount or interest rate of the Permanent Financing necessary to cause the foregoing to be true;
(w) the execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or such General Partner or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or such General Partner is a party or by which the Partnership or the Project is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project;

(x) it has not, either individually, or on behalf of the Partnership, and the Partnership has not, incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) those disclosed to the Investor Limited Partner, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing;

(y) no restrictions on the sale or refinancing of the Project, other than the restrictions to be set forth in the Project Documents and Section 42 of the Code exist as of the date hereof, and no such restrictions shall, at any time while the Investor Limited Partner is a Partner, be placed upon the sale or refinancing of the Project;

(z) the Project is being developed in a manner which satisfies, and shall continue to satisfy, any restrictions required to maintain the Property Tax Exemption, the Regulatory Agreement and all restrictions, including tenant income and rent restrictions, applicable to projects generating Housing Tax Credit under Section 42 of the Code;

(aa) the Partnership has received a valid Tax Credit Determination with respect to the Project;

(bb) the facts and underlying assumptions with respect to the development and operation of the Project, the General Partner, Guarantor and their Affiliates provided to the Partners in conjunction with the preparation of the Projections and the Development Budget are accurate and reasonable, and nothing has come to the attention of the General Partner that would cause the General Partner to believe that such facts and assumptions are incorrect in any material respect;

(cc) no Person affiliated with it has been debarred or otherwise denied, in whole or in part, the ability or opportunity to participate in any government sponsored or financed program (including, but not limited to HUD programs) or has been convicted of a felony criminal offense;

(dd) the financial statements and other written information provided to the Investor Limited Partner with respect to the financial condition of such General Partner and affiliated Guarantors by such parties are true and accurate as of their respective dates and do not omit any material fact and any such material provided by third parties with respect to the financial condition of such General Partner and Guarantors is true and accurate to the best of knowledge of the General Partner;

(ee) it shall keep all sources of funding In-Balance and has adequate sources of funds to timely cause Substantial Completion of the Project and satisfaction of all other obligations of the Partnership and General Partner under this Agreement;
(ff) it shall at no time develop the Project or manage the Partnership in a manner which is not consistent with the award of points assigned by the Agency to the Partnership’s Tax Credit Application, except with the prior approval of the Agency and the Investor Limited Partner;

(gg) it has complied and will comply in all material respects with and has caused and will cause the Partnership and the General Partner to comply with all applicable local, state and federal laws, statutes, regulations, rules and ordinances (including, without limitation, all applicable filing and disclosure requirements);

(hh) it has obtained any consents or approvals of any Authority or any other Person which are necessary in connection with the admission of the Investor Limited Partner to the Partnership including without limitation, if applicable, previous participation certification approvals from HUD and all consents to the admission of the Investor Limited Partner required from (A) the Lender, (B) Authorities and (C) the current owner of the Land and all filings and certifications made by or on behalf of the General Partner and its Affiliates in order to obtain such consents or approvals are true, correct and complete and conform to the regulations or requirements applicable thereto;

(ii) the Partnership has used the accrual method of accounting since its formation and will continue to do so;

(jj) no Permanent Financing is or will be guaranteed (other than with respect to customary non-recourse carveouts) or held by any Partner or any person who is a related person to such Partner within the meaning of Section 752 of the Code and the Treasury Regulations promulgated thereunder;

(kk) it shall collect original income verification documents which are reviewed in connection with the screening of the initial occupants of the units comprising Qualified Occupancy;

(ll) it shall provide the Investor Limited Partner with an executed copy of the Extended Use Agreement within fifteen (15) days of its execution;

(mm) The Project will qualify for the minimum applicable percentage of 4% under Section 42(b)(3) of the Code.

(nn) the Administrative General Partner represents, warrants and covenants that the Project shall be managed upon Substantial Completion so that the rental of all Low-Income Units in the Project comply with the tenant income limitations and other restrictions under the Rent Restriction Test and all units in the Project otherwise meet the applicable requirements of the Project Documents, including without limitation, the Extended Use Agreement and any Regulatory Agreement. More specifically, the General Partner shall operate the Project such that no more than two of the units of the Project will be a non-revenue unit of the Project and will be occupied by resident Manager, and that the Low-Income Units are set aside and leased as follows: 22 units of the Project will be rented to tenants with incomes of 30% or less of the area median income, as adjusted for family size; 18 units of the Project will be rented to tenants with incomes of 40% or less of area median income, as adjusted for family size; 22 units of the Project will be rented to tenants with incomes of 50% or less of area median income, as adjusted for family size; 15 units of the Project will be rented to tenants with incomes of 60% or less of area median income, as adjusted for family size, 7 units of the Project will be rented to tenants with incomes of 80% or less of area median income as adjusted for family size, and 4 units of the Project will be market rate units not subject to the terms of the Extended Use Agreement. The Administrative
General Partner shall not change the imputed incomes of the Low-Income Units without the Consent of the Investor Limited Partner in its sole discretion and shall comply with all proposed or final regulations issued in connection with the Average Income Set-Aside Test. The PBV Units will be operated in a manner consistent with the HAP Contract and the RAD Units will be operated in a manner consistent with the RAD Documents;

(oo) the Administrative General Partner represents, warrants and covenants that any sign erected at the Project setting forth the development partners and/or lenders who participated in the development of the Project must be approved by the Investor Limited Partner, whose approval will not be unreasonably withheld, conditioned or delayed;

(pp) accordance with Section 168 of the Code, the General Partner shall cause the Partnership to be an electing real property trade or business and as such the underlying building owned by the Partnership shall be depreciated over 27.5 years (except to the extent that the Partnership elects to, or is obligated to, depreciate the buildings over 30 years pursuant to Section 168(g)(2) of the Code) and no less than 55% of the personal property and site improvements owned by the Partnership shall be depreciated over 5 and 15 years, respectively, using the applicable depreciation methods defined in Section 168 of the Code; provided that the General Partner shall not allow the Partnership to file a tax return reflecting an allocation of cost to a class of property other than residential rental property that varies by more than 10% from the cost set forth in the Financial Assumptions without the Consent of the Investor Limited Partner and the General Partner shall opt out of bonus depreciation of any type (such as that available under Section 168(k)) unless otherwise directed by the Investor Limited Partner;

(qq) it shall ensure that commencement of construction of the Project begins no later than thirty days from Initial Closing, unless otherwise agreed to in writing;

(rr) no person shall be employed by the Partnership;

(ss) neither such General Partner nor any of the principals or Affiliates of said General Partner shall be on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury or in the Annex to United States Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism;

(tt) Intentionally omitted;

(uu) each dwelling unit contains separate and complete facilities for living, sleeping, eating, cooking, bathing and sanitation, including, kitchen facilities with (a) a refrigerator, (b) a sink, and (c) either (i) a stove and oven or (ii) a microwave oven;

(vv) no separate fee will be charged to the tenants of the Project for the use of any of the common area facilities (other than the coin-operated laundry facilities that may be leased by the Project and used on the premises);

(ww) it has reviewed the Projections attached hereto as Exhibit F and represents and warrants that the Projections are accurate and reasonable;

(xx) all fees and reimbursements paid to the Administrative General Partner, Managing General Partner, or an Affiliate thereof, including without limitation the Partnership
Management Fee, are reasonable for the services performed in connection with such fees and reimbursements;

(yy) Intentionally omitted;

(zz) the Project meets the requirements of Section 42(h)(4)(B) of the Code, and the General Partner has provided evidence to that effect, including the opinion of Project bond counsel with respect to the Tax-Exempt Note and allocation of tax-exempt volume cap made by the Governmental Lender with respect to the Tax-Exempt Note;

(aaa) commencing with the year in which the first certificate of occupancy for the Project is issued, and continuing in each year thereafter, the Managing General Partner shall promptly apply for, and diligently pursue, a real property tax exemption for the Project pursuant to CRT Section 214(g), or any successor statute thereto and shall obtain on an annual basis a Supplemental Clearance Certificate. The Managing General Partner shall take all actions necessary to qualify the Project for such real property tax exemption, including, without limitation, executing and filing the BOE Form 267-LI with the appropriate county assessor's office. On an annual basis, upon receipt of the real property tax exemption for the Project, the Managing General Partner shall deliver a copy thereof to the Investor Limited Partner;

(bbb) with respect to Project amenities that are to be included in eligible basis (as defined in Section 42(d) of the Code), any amenity shall be reasonably required and sized for the Project, and made available on a comparable basis to all tenants of the Project. In addition, the Partnership shall not grant any non-tenant a legally enforceable right to use Project amenities, and shall not charge a separate fee to tenants for the use of such amenities;

(ccc) in the event that one or more of the buildings or other structures comprising the Project is damaged or destroyed, the General Partner shall, subject to the terms of the Loan Documents, make proof of loss, pursue, adjust and compromise claims under policies of insurance providing coverage for the Project and shall cause the Partnership, to restore such buildings or structures completely within a reasonable period as determined by the Internal Revenue Service so as to avoid loss and/or recapture of Housing Tax Credits, but in no event later than the date that is 18 months after such damage or destruction occurred;

(ddd) the Managing General Partner shall comply with all the requirements necessary to maintain the Property Tax Exemption for the Project;

(eee) the General Partner shall take all actions necessary to ensure that the RAD Units under the HAP Contract – RAD comply with all applicable HUD requirements and RAD Requirements. The Investor Limited Partner shall review and Consent to the HAP Contract prior to the Partnership’s execution of the same. The HAP Contract – RAD shall have a term of not less than twenty (20) years from date of the Initial Closing for all of the RAD Units. The General Partner shall request annually any upward adjustment to the rental assistance payments as may be permitted under the HAP Contract – RAD. If the initial term of the HAP Contract – RAD does not extend through the termination of the Compliance Period, the General Partner shall also diligently undertake efforts to secure renewal of the HAP Contract – RAD through the Compliance Period. In furtherance of the foregoing, if necessary, the General Partner, on behalf of the Partnership, shall enter into an extension of the HAP Contract – RAD at the expiration of its initial term so that it continues in full force and effect through the Compliance Period, unless otherwise Consented to by the Investor Limited Partner in its sole discretion. In the event that any
HAP Contract – RAD is cancelled or not renewed on an annual basis, then the Partnership shall have the ability to increase the rent levels on all of the RAD Units, provided, however, that such rent levels do not exceed the maximum rent allowed by the Agency, Section 42 of the Code, or the Project Lenders;

(ff) the General Partner shall take all actions necessary to ensure that the PBV Units under the HAP Contract – PBV comply with all applicable HUD requirements. The Investor Limited Partner shall review and Consent to the HAP Contract prior to the Partnership’s execution of the same. The HAP Contract – PBV shall have a term of not less than twenty (20) years from date of Substantial Completion for all of the PBV Units. The General Partner shall request annually any upward adjustment to the rental assistance payments as may be permitted under the HAP Contract – PBV. If the initial term of the HAP Contract – PBV does not extend through the termination of the Compliance Period, the General Partner shall also diligently undertake efforts to secure renewal of the HAP Contract – PBV through the Compliance Period. In furtherance of the foregoing, if necessary, the General Partner, on behalf of the Partnership, shall enter into an extension of the HAP Contract – PBV at the expiration of its initial term so that it continues in full force and effect through the Compliance Period, unless otherwise Consented to by the Investor Limited Partner in its sole discretion. In the event that any HAP Contract – PBV is cancelled or not renewed on an annual basis, then the Partnership shall have the ability to increase the rent levels on all of the PBV Units, provided, however, that such rent levels do not exceed the maximum rent allowed by the Agency, Section 42 of the Code, or the Project Lenders;

(eee) it has fully complied with all applicable, material provisions and requirements of Ground Lease and all documents related to the Partnership’s acquisition of a leasehold interest in the Land, if any, and the development, financing and operation of the Project; it shall take, or cause the Partnership to take, all actions as are necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements; and

(ff) all of the representations, warranties and covenants contained herein shall survive the date of Final Closing and the funding date of each Capital Contribution made by the Investor Limited Partner until dissolution of the Partnership. The General Partner shall indemnify and hold harmless the Investor Limited Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys’ fees and costs and expenses of litigation and collection.

4.02 Duties and Obligations. Each General Partner shall have the following duties and obligations with respect to the Project and the Partnership:

(a) it shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, the Public Use Test and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for Tax Credit, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of all necessary permanent, unconditional Certificates of Occupancy, including all governmental approvals required to permit occupancy of all of the residential units in the Project, (iii) Initial Closing and Final Closing, (iv) compliance with all material provisions of the Project Documents;

(b) the General Partner shall take all actions, or refrain from taking any action, to assure that the Partnership at all times during its existence is treated as a partnership for federal income tax purposes and while conducting the business of the Partnership, the General Partner shall not act in any
manner without the Consent of the Investor Limited Partner, which it knows or should have known after
due inquiry will cause the termination of the Partnership for federal income tax purposes;

(c) the General Partner shall exercise good faith in all activities relating to the
conduct of the business of the Partnership, including the development, operation and maintenance of the
Project, and the General Partner shall take no action with respect to the business and property of the
Partnership which is not reasonably related to the achievement of the purpose of the Partnership;

(d) it shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment
and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation
of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will
be free and clear of all security interests and encumbrances except for any Mortgage, and any additional
security agreements executed in connection therewith;

(e) it guarantees payment by the Partnership of the Development Fee pursuant to
Section 5.01(a)(iii);

(f) the General Partner shall, during and after the period in which it is Partner,
provide the Partnership with such information and sign such documents as are necessary for the
Partnership to make timely, accurate and complete submissions of federal and state income tax returns;

(g) it shall comply and cause the Partnership to comply with the provisions of all
applicable governmental and contractual obligations;

(h) it shall ensure that the Partnership has made (if applicable) and shall make such
elections, or refrain from making such elections, with respect to the Housing Tax Credit, as necessary to
achieve and maintain the allocated Housing Tax Credit to the Partnership, unless otherwise directed by
the Investor Limited Partner; any such elections (including elections made at the direction or with the
Consent of the Investor Limited Partner) shall not reduce the obligations of the General Partner pursuant
to Section 5.01(d); provided, however, no Timing Reduction Amount will be due if the Investor Limited
Partner directs the General Partner to defer the commencement of the Credit Period past fiscal year 2022
pursuant to Section 42(f)(1) of the Code, unless such direction was made in order to avoid the Investor
Limited Partner having to claim the Projected Credits over a 15-year Credit Period;

(i) it shall ensure that the Partnership shall be responsible for the payment of any
fines or penalties imposed by the Agency or Lender pursuant to the Project Documents and any
documents executed in connection with obtaining Tax Credit (other than with respect to payments of
principal or interest under the Permanent Financing) attributable to any negligence of it or its Affiliates or
failure to take action despite the same being within the reasonable control of the General Partner or its
Affiliate;

(j) it shall ensure that the Partnership shall immediately notify the Investor Limited
Partner of any written or oral notice of (i) any default or failure of compliance with respect to any Project
Document, the Construction Loan, the Permanent Financing or any other financial, contractual or
governmental obligation of the Partnership or the General Partner, or (ii) any IRS proceeding regarding
the Project or the Partnership;

(k) other than items for which liability is being contested with the Consent of the
Investor Limited Partner, it will cause the Partnership to pay on or before the date when the same would
become delinquent, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rents, fines, impositions and any other charges now or hereafter levied against the Project, whether foreseen or unforeseen, ordinary or extraordinary; and also any and all license fees or similar charges which may be imposed by any Authority with respect to the Project for the use and occupancy of the Project, use of walks, chutes, areas and other space beyond the lot line of the Project and on or abutting the public sidewalks and/or highways in front or adjoining the Project or pursuant to any applicable law for the use of any furnaces, compactors, incinerators, parking areas or for other matters covered by any such laws; and also any and all corporate, franchise, withholding, income, profits and gross receipts, and other taxes due by the Partnership; in each case together with any penalties and interest on any of the foregoing, and in default thereof;

(l) other than items for which liability is being contested with the Consent of the Investor Limited Partner, it will cause the Partnership to pay promptly, when and as due, all charges for utilities, whether public or private, and will not suffer or permit any construction or mechanics, laborers, material statutory or other liens to be created or to remain outstanding upon any part of the Project, and if any such lien is created, will cause the Partnership to discharge the same of record by payment or bond against such lien within forty-five (45) days after the filing thereof;

(m) it shall not cause the Partnership to commit or permit waste, nor cause or permit any building or improvement upon the Land to be removed, demolished or altered in whole or in material part (including structural alterations) except as approved by the Investor Limited Partner, and except for alterations to update the buildings systems or to comply with any law;

(n) it shall maintain books, files and records, including tenant leasing files in compliance with the Code and the Treasury Regulations promulgated thereunder, that will adequately document the timing, amount and availability of the Tax Credit. The General Partner shall cause any files which document the initial qualification of residential units for Tax Credit to be copied and stored off-site at the General Partner’s principal place of business or at another location over which the General Partner has control for a period of not less than 21 years. Within 1 day’s notice from any Investor Limited Partner, the General Partner shall afford that Investor Limited Partner and its agents access to all such files, including files stored off-site during ordinary business hours. All such files are property of the Partnership and not of the General Partner or any other Person.

(o) upon reasonable notice of not less than one (1) business day given by the Investor Limited Partner, the General Partner shall permit the Investor Limited Partner or its designee (including any potential investor seeking to purchase an equity interest, directly or indirectly, in the Investor Limited Partner) (1) access to the Project for a physical inspection to take place during normal business hours, (2) the opportunity to inspect, examine and, if requested, make copies of all agreements, Tax Credit compliance data and Plans and Specifications. The General Partner shall cooperate fully with all reasonable requests of the Investor Limited Partner regarding any such inspection and shall, if requested, accompany the Investor Limited Partner on any site inspection conducted for the purpose of marketing the Project to any potential investor seeking to purchase an equity interest, directly or indirectly, in the Investor Limited Partner;

(p) it will give notice to the Investor Limited Partner promptly upon any material, adverse change in any of the matters described in the certificate the form of which is attached hereto as Exhibit D-1 or D-2 and shall provide together with such notice an updated, true correct and complete certificate in the form of Exhibit D-1 or D-2;
(q) it shall not issue, sell, assign, encumber or transfer any direct or indirect ownership interest in the General Partner or member, partner, or shareholder of the General Partner, whether voluntary or involuntary, by operation of law or otherwise, without the Consent of the Investor Limited Partner as described in Section 9.01; and

(r) the General Partner will take all actions necessary or appropriate to prevent more than 45% of the Partnership Property from being treated as tax-exempt use property as defined in Section 168(h) of the Code, including, if applicable making an election in accordance with Section 168(h)(6) of the Code and electing to be treated as a corporation for federal income tax purposes and not as a disregarded entity;

(s) the General Partner shall ensure that deficiencies or other conditions be observed that, while not contemplated in the approved work scope 1) may potentially create a hazardous condition for residents or passers-by or 2) would lead to accelerated deterioration of a particular property component thereby increasing operating costs or 3) if left unattended, will render an originally approved work scope unusable or lead to its accelerated deterioration or functional obsolescence, will be brought to the attention of the Lender and the Investor Limited Partner for discussion and possible inclusion into the approved scope of work;

(t) the General Partner shall ensure that the Project shall at all times comply with the applicable requirements of Section 504 of the Uniform Federal Accessibility Standards, where applicable and as amended, the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted, the Fair Housing Act of 1988, as amended, the Fair Housing Act Design Manual implemented in connection therewith as now existing or hereafter amended or adopted, any other federal and state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including (collectively, “Access Laws”). The Investor Limited Partner may also require a certificate of compliance with the Access Laws from the Architect. Notwithstanding any provisions set forth herein or in any other document, the General Partner shall not alter or permit any tenant or other person to alter the Project in any manner which would increase the General Partner’s responsibilities for compliance with the Access Laws without the Consent of the Investor Limited Partner. In connection with any such Consent, the Investor Limited Partner may require a certificate of compliance with the Access Laws from the Architect. Following Substantial Completion, the Project will be operated in a manner that fully complies with applicable accessibility and barrier-free regulations such that if an enforcement action is brought against the Partnership, the General Partner will cause the Partnership to use available Partnership funds to promptly correct recorded deficiencies, provided, however, to the extent there are no available Partnership funds, the General Partner will then use any and all of its own resources to promptly correct recorded deficiencies; and

(u) the General Partner shall use its best efforts in representing the Investor Limited Partner during the course of construction of the Project and in the administration of the Construction Contract by (i) providing adequate on-site representation at regularly scheduled meetings and at intervals commensurate with the on-site construction activities, (ii) actively enforcing the terms of performance specified in the Construction Contract, (iii) providing the Investor Limited Partner with timely notice of any issues of non-compliance by the Contractor, and (iv) acting as necessary in the interest of the Investor Limited Partner to ensure that construction of the Project will be completed as originally contemplated;
(v) in the event that at any time during the Construction of the Project, (i) Construction is, or may be, stopped or suspended for a period of thirty (30) days, or (ii) Construction has or may be delayed so that in the reasonable determination of the General Partner, (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract or (B) the Projected Credit for any year during the Credit Period may not be achieved, the General Partner shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Limited Partner; and

(w) Intentionally omitted;

(x) the General Partner shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Project; and

(y) the General Partner shall obtain the prior written Consent of the Investor Limited Partner to any change orders if (1) the cost associated with any one such change is more than the lesser of $100,000 or two percent (2%) of the Construction Contract amount or if the cost of all change orders to date exceeds five percent (5%) of the Construction Contract, (2) such change would result in materials of lesser quality being used in the Project, (3) such change represents a deviation, whether or not of lesser quality, from the original work scope agreed to by the Investor Limited Partner, or (4) such change would cause a delay in the construction of the Project. In all events, the General Partner shall promptly provide copies of all change orders to the Investor Limited Partner and, on a monthly basis, the General Partner shall submit to the Investor Limited Partner copies of AIA Forms G-702 and G-703 (the “AIA Forms”) setting forth all change orders for that month. The AIA Forms shall be accompanied by a cover letter listing all changes orders discussed in the AIA Forms and a change order log.

(z) Intentionally omitted.

(aa) the General Partner will designate the Partnership Representative and the Designated Individual on each federal income tax return filed by the Partnership in accordance with Section 13.06;

(bb) unless otherwise directed by the Investor Limited Partner, the Partnership will elect to be an Electing Real Property Trade or Business under Code Section 163(j); and

(cc) the General Partner shall cause the Partnership to provide all social services required under the Tax Credit Application. To the extent the Partnership does not have sufficient funds to provide social services, the General Partner shall provide all such funds necessary through the end of the Compliance Period.

ARTICLE V

PARTNERS, PARTNERSHIP INTERESTS AND OBLIGATIONS OF THE PARTNERSHIP

5.01 Partners, Capital Contributions and Interests.
(a) The Managing General Partner and the Administrative General Partner, their respective principal offices and places of business, their respective Capital Contribution and its Percentage Interest are as follows:

(i) Related/Rose Hill Courts I Development Co., LLC
    18201 Von Karman Ave, Suite 900
    Irvine, California 92612
    $100 [0.005] %

(ii) LOMOD RHC I, LLC
    2600 Wilshire Boulevard, 4th Floor
    Los Angeles, California 90057
    $2,000,000 as more fully described in (c)(iv) below
    [0.005] %

(i) Each General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and to the Project, including the following:

(A) all contracts with architects, contractors and supervising architects with respect to the development of the Project;

(B) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project (including the Plans and Specifications) and all governmental approvals obtained, including planning, zoning and building permits;

(C) any and all commitments with respect to the Permanent Financing and the Tax Credit;

(D) any and all rights under and pursuant to the Project Documents; and

(E) any other work product related to the Project.

For purposes of this Agreement, no specific value will be ascribed to the rights assigned pursuant to this subparagraph (a)(ii).

(ii) In the event that the Partnership has not paid all or part of the Development Fee within 15 years from the date the first building in the Project is placed in service, the General Partner shall contribute to the Partnership an amount equal to any such remaining balance the (“General Partner’s Special Capital Contribution”) and the Partnership shall thereupon make a payment in an equal amount to pay off the balance of the Development Fee.

(b) The Investor Limited Partner, its principal office and place of business, its Capital Contribution and Percentage Interest are as follows:
(c) Subject to the provisions of this Agreement, including without limitation the provisions of Sections 5.01(d), 5.03 and 5.04, the Investor Limited Partner shall be obligated to make Capital Contributions to the Partnership in installments as follows:

(i) **Initial Capital Contribution.** Upon execution of this Agreement, satisfaction of all items set forth in the Investor Limited Partner’s due diligence checklist and review and approval of those items listed below, the Investor Limited Partner shall make an Initial Capital Contribution equal to $[1,395,976] (“Initial Capital Contribution”). Of such amount, a due diligence fee of Fifty Thousand and 00/100 Dollars ($50,000.00), plus reimbursement for third-party expenses, if any, paid by Raymond James Tax Credit Funds, Inc., including market study, background searches, Environmental Reports and costs of the Construction Consultant, shall be paid directly to Raymond James Tax Credit Funds, Inc., and the remainder shall be paid in installments pursuant to draws as outlined below and disbursed to pay amounts set forth in the Development Budget other than the Development Fee and, so long as, after such payment, the Development Budget remains In-Balance, no more than $[1,100,000] of the Development Fee.

(A) **Capital Contributions During Construction.** The General Partner shall submit draw requests signed by the General Partner and accompanied with supporting documentation reasonably required by the Investor Limited Partner. Such supporting documentation shall include without limitation (i) invoices and receipts, (ii) either (X) a conditional lien waiver for the current draw request stating the amount of the payment due, a progress date through which all labor, services, equipment or material is covered under the waiver and language stating that, upon receiving the amount requested the contractor will be paid in full and has paid or will pay all of its laborers, subcontractors, and suppliers etc. for all work described under the waiver, or (Y) an unconditional lien waiver addressing the previous draw stating that all labor, services, equipment and material furnished to the Project up to a certain date has been paid in full and that all its laborers, subcontractors, and suppliers etc. have been paid in full, therefore releasing any claim to the Project or rights to future payment for those same services.

(B) **General Partner’s Certificate.** The Investor Limited Partner shall have received (i) a certificate in the form of Exhibit D-1 executed by the Administrative General Partner, dated as of the date of the Initial Closing, and (ii) a certificate in the form of Exhibit D-2 executed by the Administrative General Partner, dated as of a date within 15 days of any subsequent payment of a Capital Contribution installment.

(C) **Construction Loan Draw Documents.** The General Partner shall provide the Investor Limited Partner with copies of all construction draw requests (and related backup materials including but not limited to invoices and/or receipts) submitted to the Funding Lender and Government Lender.
(D) **Geotechnical Engineer Reports.** The geotechnical reports shall have been received by the Investor Limited Partner and shall be acceptable to it.

(E) **Architect Letter.** The Architect shall have issued a letter stating that the building and all other permits necessary to commence Construction have been received by the Partnership, but only to the extent required by applicable local authorities where the Project is located.

(F) **Tax Credit Determination.** The Partnership has been issued a Tax Credit Determination for the Project.

(G) **Affidavit of Non-Foreign Status.** The Investor Limited Partner shall have received an Affidavit of Non-Foreign Status (substantially in the form attached hereto as Exhibit J-1) on behalf of the Partnership.

(ii) **Completion Capital Contribution.** Upon the later to occur of [April 1, 2023] or satisfaction, review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the Completion Capital Contribution. The amount of the Completion Capital Contribution shall be $11,234,219. The Completion Capital Contribution shall be applied to pay amounts set forth in the Development Budget, including up to $220,000 of Development Fee so long as, after such payment, the Development Budget remains In-Balance.

(A) **Initial Capital Contribution.** All requirements for the payment of the Initial Capital Contribution have been satisfied.

(B) **Monthly Reports.** The monthly reports specified in Section 14.08.

(C) **General Partner’s Certificate.** The Investor Limited Partner shall have (i) received an updated certificate in the form of Exhibit D-2 executed by the Administrative General Partner, dated not more than fifteen (15) days prior to the date of the Completion Capital Contribution, and (ii) determined that there has been no material adverse change in the facts disclosed by the due diligence it conducted with respect to the General Partner prior to its admission to the Partnership or in the matters reported on the certificate in the form of Exhibit D-1 delivered by the Administrative General Partner as of the date of such admission, including, but not limited to, the satisfactory financial condition of the Guarantor and all sources of funding remain In-Balance.

(D) **Substantial Completion.** Substantial Completion of the Project shall have occurred.

(E) **Title Updates.** The title insurance company shall have provided title updates showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except reflecting the liens created by the Permanent Financing and as shall be reasonably acceptable to the Investor Limited Partner.
(F) Permits, Licenses and Certificates of Occupancy. The Investor Limited Partner shall have received a copy of any permits and licenses which are required for the operation and use of the Project and a copy of the permanent Certificate or Certificates of Occupancy, or the equivalent in the determination of the Investor Limited Partner, issued by the appropriate Authorities for the Project in its entirety and a zoning letter or other evidence satisfactory to the Investor Limited Partner that the Project is properly zoned.

(G) Environmental Matters. The Investor Limited Partner shall have received a report in form satisfactory to the Investor Limited Partner showing that any Hazardous Materials (as defined in Section 4.01(o)) or other environmental matters disclosed in the Environmental Reports which were to be eliminated, controlled or abated, including without limitation, any asbestos contamination and lead-based paint, have been properly dealt with in accordance with all Environmental Laws (as defined in Section 4.01(o)), as determined by the Investor Limited Partner’s Construction Consultant.

(H) Compliance with Plans and Specifications. The General Partner shall have submitted to the Investor Limited Partner a written document executed by the Administrative General Partner and the Contractor certifying that the Project has been completed in a good and workmanlike manner, with no apparent material defects (other than as set forth on a “punch list” approved by the Investor Limited Partner) and with no material changes to the approved “for-construction” Plans and Specifications, except as may have been approved by the Investor Limited Partner. The Architect and the Construction Consultant shall also certify that the Project has been built substantially in accordance with the Plans and Specifications and delivered with the Closeout Binder described below), that the Project meets the requirements of applicable laws with regard to health, safety and access for disabled persons (e.g., Americans with Disabilities Act, HUD accessibility guidelines issued pursuant to the Fair Housing Act, etc.), that the Project has been built in accordance with the approved site plan and that there is no interference with required setbacks, easements or other appurtenances. If the Construction Consultant report obtained by the Investor Limited Partner requires corrective action before the Construction Consultant can certify that the improvements are complete, the cost of any subsequent inspection by the Construction Consultant shall be paid by the Administrative General Partner to the extent the Partnership does not have available funds.

(I) Contractor’s Pay-Off Letter. The Partnership shall have received (i) a letter from the Contractor to the effect that the Partnership is not in default under the Construction Contract, that all amounts due under the Construction Contract have been paid except to the extent to be paid simultaneously with the making of the Completion Capital Contribution, subject only to holdbacks for retainage and “punch list” items reasonably approved by the Investor Limited Partner (which approval may include the Investor Limited Partner’s determination that sufficient funds have been escrowed or otherwise are available to pay for such “punch list” items) and (ii) conditional lien waivers from the Contractor and major subcontractors, or in the event that the items set forth in clauses (i) and (ii) cannot be obtained due to a dispute with the Contractor, then
the General Partner shall have certified to the Investor Limited Partner that a bona fide dispute exists with the Contractor regarding the amount of money to be paid to the Contractor and provided evidence reasonably acceptable to the Investor Limited Partner that the Partnership has reserved sufficient funds to pay the maximum amount the General Partner and Investor Limited Partner believe, in good faith, could be owed to the Contractor (it being understood that the General Partner’s obligation under Section 8.08(a) shall not be affected in any manner as a result).

(J)  Intentionally Omitted.

(K)  Income Tax Documents. The General Partner shall have provided each Limited Partner with such financial information with respect to the prior fiscal year of the Partnership as shall be reportable for federal and state income tax purposes (including Form K-1) if such tax documents are otherwise due to be delivered pursuant to Section 14.01.

(L)  Operating Budgets. The Administrative General Partner shall have delivered and the Investor Limited Partner shall have approved the operating and capital budgets as shall be required pursuant to Section 14.04.

(M)  HAP Contracts. The Investor Limited Partner shall have received evidence that the HAP Contract – RAD remains in full force and effect and that the HAP Contract – PBV has been executed in form and substance acceptable to the Investor Limited Partner.

(N)  Loan Documents. Copies of drafts of all of the Loan Documents for the Permanent Financing, to the extent expected to be funded in connection with completion of construction.

(O)  Insurance Certificates. Copies of all insurance certificates required by the Insurance Guidelines.

(P)  Intentionally omitted.

(Q)  Estimated Eligible Basis. An estimate of the cost of construction and the eligible basis of the Project prepared by the General Partner.

(R)  Draft of Cost Certification. A draft certification of the construction and development costs and the Eligible Basis of the Project reasonably acceptable to the Investor Limited Partner.

(S)  50% Test. Receipt by the Investor Limited Partner of evidence satisfactory to the Investor Limited Partner that the Project has satisfied the 50% Test or that, with the reduction of the Development Fee payable pursuant to Section 8.09(a) as determined by the Accountants and as approved by the Investor Limited Partner, the Project will satisfy the 50% Test.
(T)  **Additional Documents.** Such additional documentation as the Investor Limited Partner may reasonably request to confirm that the foregoing requirements have been met and that there have been no adverse change in facts since the Investor Limited Partner was admitted to the Partnership.

(iii) Intentionally omitted.

(iv) **Stabilization Capital Contribution.** Upon the later to occur of October 1, 2023 or satisfaction, review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the Stabilization Capital Contribution. The amount of the Stabilization Capital Contribution shall be $[1,557,227]. The Partnership shall use the Stabilization Capital Contribution to pay amounts set forth in the Development Budget, including up to $[4,080,000] of Development Fee so long as, after such payment, the Development Budget remains In-Balance.

(A) **Completion Capital Contribution and Required Deliveries Made.** All requirements for the payment of the Completion Capital Contribution have been satisfied and all items set forth in Section 5.01(c)(iii) have been delivered to the Investor Limited Partner.

(B) **General Partner’s Certificate.** The Investor Limited Partner shall have (i) received an updated certificate in the form of Exhibit D-4 executed by the General Partner, dated not more than 30 days prior to the date of the Stabilization Capital Contribution, and (ii) determined that there has been no material adverse change in the facts disclosed by the due diligence it conducted with respect to the General Partner prior to its admission to the Partnership or in the matters reported on the certificate in the form of Exhibit D-1 delivered by the General Partner as of the date of such admission, including, but not limited to, the satisfactory financial condition of the Guarantor and all sources of funding remain In-Balance.

(C) **Monthly Reports.** The monthly reports specified in Section 14.08.

(D) **Final Completion - Final Closing.** Final Completion and Final Closing have occurred.

(E) **Rent Roll.** The Administrative General Partner shall have delivered to the Investor Limited Partner a current rent roll for the Project certified to the Investor Limited Partner by the Administrative General Partner and in form and substance reasonably satisfactory to the Investor Limited Partner. The rent roll must include the following information for each tenant: name, unit number, number of bedrooms, building ID number (BIN), number of occupants, move-in date, move-out date, current gross income, gross income at move in, rent paid by tenant, and net rent.

(F) **Initial Tenant Files.** To the extent not previously received, receipt by the Investor Limited Partner of copies of all initial tenant files
including the tenant income certification (TIC), income verifications, asset verifications, student status verifications, executed leases, tenant applications and copies of any other documentation required and collected by the Management Agent or the Administrative General Partner, for the purpose of verifying each tenant’s eligibility pursuant to the Minimum Set-Aside Test and other applicable guidelines under Section 42 of the Code. In the event that review of an initial tenant file indicates that corrections are required, the Administrative General Partner shall cause the Management Agent to correct the tenant file and provide the corrected tenant file to the Investor Limited Partner. The Investor Limited Partner may withhold all or any portion of a Capital Contribution payment until it has received all of the initial tenant files and the same have been reviewed, corrected and approved.

(G) Cost Certification. Receipt and approval by the Investor Limited Partner of an audited Cost Certification of the Certified Credit for the Project prepared by the Accountants setting forth the eligible basis, the estimated amount of Tax Credit and the amount allocable to each Partner.

(H) Title Policy. Issuance by the title insurance company of a new Title Policy acceptable to the Investor Limited Partner or a current endorsement to the Title Policy extending the effective date of the Title Policy to the date of funding and showing no exceptions to the Title Policy other than the exceptions reflected on the Title Policy as of Initial Closing, except reflecting the lien created by the Permanent Financing and except as shall be reasonably acceptable to the Investor Limited Partner.

(I) Construction Loan Payoff. Evidence satisfactory to the Investor Limited Partner that Taxable Loan has been fully repaid and the construction portion of the Tax-Exempt Loan has been fully paid and all payment guaranties securing the Construction Financing have been released (or is being fully paid and released simultaneously with the funding of the Stabilization Capital Contribution).

(J) General Partner’s Certificate. The Investor Limited Partner shall have (i) received an updated certificate in the form of Exhibit D-3 executed by the Administrative General Partner, dated not more than fifteen (15) days prior to the date of the Stabilization Capital Contribution, and (ii) determined that there has been no material adverse change in the facts disclosed by the due diligence it conducted with respect to the General Partner prior to its admission to the Partnership or in the matters reported on the certificate in the form of Exhibit D-1 delivered by the Administrative General Partner as of the date of such admission, including, but not limited to, the satisfactory financial condition of the Guarantor and all sources of funding remain In-Balance.

(K) As-Built Survey. Receipt by the Investor Limited Partner of an updated and recertified as-built ALTA survey satisfactory to the Investor Limited Partner.

(L) Stabilized Operations. Stabilized Operations has occurred.
(M) **Final Closing Binder.** A closing binder containing signed copies of all Loan Documents executed in connection with Final Closing and not previously delivered to the Investor Limited Partner.

(N) **Intentionally omitted.**

(O) **Income Tax Documents.** Receipt by the Investor Limited Partner of such financial information with respect to the prior fiscal year of the Partnership as shall be reportable for federal and state income tax purposes (including Form K-1) if such tax documents are otherwise due to be delivered pursuant to Section 14.01.

(P) **50% Test.** Receipt by the Investor Limited Partner of evidence satisfactory to the Investor Limited Partner confirming that the Project has satisfied the 50% Test.

(Q) **Property Tax Exemption.** Receipt by the Investor Limited Partner of evidence satisfactory to the Investor Limited Partner that the Partnership and the Project are entitled to the Real Property Tax Exemption.

(R) **Occupancy.** Evidence of 100% Qualified Occupancy and 95% physical occupancy of the Project.

(S) **Managing General Partner Capital Contribution.** The Managing General Partner shall make a Capital Contribution to the Partnership in the amount of $[2,000,000], which may occur simultaneously with the payment of the Stabilization Capital Contribution. The Managing General Partner represents and warrants that such Capital Contribution is not funded from the proceeds of any federal or state grants.

(T) **Radon Report.** A Radon Report in form and substance acceptable to the Investor Limited Partner.

(U) **Forms 8609s.** Receipt by the Investor Limited Partner of the application for Forms 8906 to be submitted to the State Agency.

(V) **Additional Documents.** Such additional documentation as the Investor Limited Partner may reasonably request to confirm that the foregoing requirements have been met and that there have been no adverse change in facts since the Investor Limited Partner was admitted to the Partnership.

(v) **8609 Capital Contribution.** Upon the later of October 1, 2024 or satisfaction, review and approval by the Investor Limited Partner of the Funding Conditions described below and payment of the Stabilization Capital Contribution (which may be made simultaneously with the 8609 Capital Contribution), the Investor Limited Partner shall make the 8609 Capital Contribution. The amount of the 8609 Capital
Contribution shall be $[3,162,555]. The Partnership shall use the 8609 Capital Contribution to pay down the Third Permanent Loan to its permanent amount and pay other amounts set forth in the Draw Request, including Development Fee to the extent all other costs have been paid.

The 8609 Capital Contribution shall not be made until the following conditions have been satisfied:

(A) Prior Funding Conditions. Confirmation that all Funding Conditions required to be satisfied prior to the current Capital Contribution have been satisfied or waived.

(B) General Partner’s Certificate. The Investor Limited Partner shall have (i) received an updated certificate in the form of Exhibit D-5 executed by the General Partner, dated not more than 30 days prior to the date of the 8609 Capital Contribution which shall include a Draw Request, and (ii) determined that there has been no material adverse change in the facts disclosed by the due diligence it conducted with respect to the General Partner, prior to its admission to the Partnership or in the matters reported on the certificate in the form of Exhibit D-1 delivered by the General Partner, as of the date of such admission, including, but not limited to, the satisfactory financial condition of the Guarantor and the Project funding remains In-Balance.

(C) Forms 8609. Receipt by the Investor Limited Partner of the Forms 8609, with Part B completed.

(D) Extended Use Agreement. The Investor Limited Partner shall have received a fully executed and recorded copy of the Extended Use Agreement.

(E) Income Tax Documents. The Investor Limited Partner shall have received such financial information with respect to the prior Fiscal Year of the Partnership as shall be necessary or helpful for the Investor Limited Partner to comply with all federal and state income tax requirements (including Form K-1) if such tax documents are otherwise due to be delivered pursuant to Section 14.01.

(F) Conversion of the Third Permanent Loan. Evidence that simultaneously with the payment of this 8609 Capital Contribution the principal balance of the Third Permanent Loan will be paid down to $5,287,445 and will have converted to its permanent phase.

(G) Additional Documents. Such additional documentation as the Investor Limited Partner may reasonably request to confirm that the foregoing requirements have been met and that there have been no adverse change in facts since the Investor Limited Partner was admitted to the Partnership.

(vi) Special Additional Capital Contributions. If, in any fiscal year of the Partnership, the Investor Limited Partner’s Capital Account balance may be reduced to or below zero, the Investor Limited Partner may, in its sole and absolute discretion, make a
special additional Capital Contribution to the Partnership, in an amount reasonably required to avoid the reduction of the Investor Limited Partner’s Capital Account balance to or below zero (“Special Additional Capital Contribution”). If the Investor Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, such funds shall be deposited in a separate Partnership reserve account, withdrawals from which shall require the Consent of the Investor Limited Partner. All interest earned on such account shall be payable to such Investor Limited Partner, and an amount of income equal to the amount of such interest shall be specifically allocated to such Investor Limited Partner. The Investor Limited Partner shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, the General Partner shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Partnership, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Limited Partner at that time.

(d) Adjustments Due to Changes in Tax Credit.

(vi) Lease-up Adjuster. In addition to any other adjustment in Capital Contribution or payment required by this Section 5.01(d), in the event that the Actual Credit with respect to the Housing Tax Credit for 2023 is less than the Housing Tax Credit reflected in the Projected Credit for such year (in each case, a “Timing Shortfall”), then the Capital Contribution of the Investor Limited Partner to the Partnership shall be reduced by an amount (the “Timing Reduction Amount”) equal to 50% of the sum of the Timing Shortfalls. Any reduction in Capital Contribution caused by the Timing Reduction Amount shall be applied to reduce the Stabilization Capital Contribution. If no Capital Contributions remain to be paid, or if the amount of the Timing Reduction Amount is greater than the Capital Contributions to be made, then the Administrative General Partner shall pay the Timing Reduction Amount to the Partnership within thirty (30) days after written demand is made therefor and such payment shall be deemed to be a Capital Contribution by the General Partner. Upon receiving such a payment, the Partnership shall then immediately make such payment to the Investor Limited Partner as a return of capital. Any amounts not so paid shall bear interest from the date of the determination until the date of payment, at the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2%), until paid in full. It is understood and agreed that the provisions of this Section 5.01(d)(i) are intended to address any reductions in or delays in the delivery of the first and/or second years of the Credit Period from the Projected Credit amounts with respect to the Housing Tax Credit during such years where the total Projected Credit for the entire Credit Period is not affected. In the event that Actual Credits are less than Projected Credits in the early years of the Credit Period as a result of a delay in receipt of Forms 8609, then (A) if Housing Tax Credits were claimed by the Investor Limited Partner but later disallowed, the provisions of Section 8.08(c) will apply, and (B) if Housing Tax Credits were not claimed as projected but may be claimed in the immediately following taxable years (rather than at the end of the Credit Period), an appropriate reduction in the Timing Reduction Amount will be made as determined in the sole and absolute discretion of the Investor Limited Partner. It is intended that the adjustments and/or payments required by this Section 5.01(d)(i) are to compensate the Investor Limited Partner for the delay in the receipt of Tax Credit and the
Lease-Up Adjuster may be reduced if the Investor Limited Partner determines in the exercise of its sole and absolute discretion that the full Lease-Up Adjuster is not required to maintain the expected return on investment of its members.

(vii) **8609 Adjuster.** The Accountants shall determine the Certified Credit promptly after the receipt of Forms 8609 for the Project. If Forms 8609 are not available at the time of the payment of the Stabilization Capital Contribution, then the Accountants shall make a preliminary determination of Certified Credits at that time and each of the adjustments required pursuant to this Section 5.01(d) shall be made twice – preliminarily at the time of the Stabilization Capital Contribution and finally at the time of the final determination of the Certified Credit. If the aggregate Housing Tax Credit reflected in the Certified Credit is less than the aggregate Housing Tax Credit reflected in the Projected Credit, then the Capital Contribution of the Investor Limited Partner to the Partnership shall be reduced by an amount equal to such difference multiplied by 90.25% ("Initial Reduction Amount"). Any reduction in Capital Contribution caused by the Initial Reduction Amount shall first be applied to reduce the Stabilization Capital Contribution. If no further installments of Capital Contribution remain to be paid, or if the Initial Reduction Amount is greater than the aggregate amount of the remaining installments, then the amount necessary to achieve the total Initial Reduction Amount shall be paid by the Administrative General Partner to the Partnership promptly after the determination of the Certified Credit, and shall bear interest from the date of the Stabilization Capital Contribution until the date of payment, at the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2.0%), until paid in full. Such payment by the Administrative General Partner shall be deemed to be a Capital Contribution by the Administrative General Partner. Upon receiving such a payment, the Partnership shall then immediately make such payment to the Investor Limited Partner. Notwithstanding the foregoing, the Administrative General Partner shall not be required to pay any Reduction Amount which is due solely to a Change in Tax Law or transfer of the Investor Limited Partner’s interest.

(viii) **Coordination between Lease-up Adjuster and 8609 Adjuster.** This Section 5.01(d)(iii) is intended to describe the coordination between the Timing Reduction Amount and the Initial Reduction Amount. The parties intend that the Initial Reduction Amount be determined first, based on any change between Projected Credit and Certified Credit, and that the Timing Reduction Amount then be determined taking into account such change. Thus, for the purpose of determining any Timing Shortfall attributable to the Housing Tax Credit where there is an increase, or decrease, in such Tax Credit taken into account under Section 5.01(d)(ii), the Projected Credit for the applicable year used in determining the Timing Shortfall shall be the amount of the Housing Tax Credit reflected in the Certified Credit that is allocable to such year assuming the same lease-up schedule as assumed in determining the Projected Credit. By way of illustration: assuming the Projected Credit show Housing Tax Credit of $6 for the first year, and $10 per year for years 2 through 10, then if the Certified Credit show Housing Tax Credit of $9 per year: (A) there will be an Initial Reduction Amount based on a reduction of $10 ($1 per year), and (B) the Timing Shortfall will be determined based on a Projected Credit of $5.40 (6/10 times $9), instead of $6, for the first year.

(ix) **Adjustments Reflecting Reductions in Capital Contributions.** The Partners acknowledge and agree that, if a reduction in the Capital Contributions of the
Investor Limited Partner occurs as a result of the application of this Section 5.01(d), the General Partner and the Investor Limited Partner shall agree on a method of applying such reduction in Capital Contributions which shall have the least adverse impact on the Qualified Basis and the Eligible Basis, as defined in Section 42(c)(1) and 42(d) of the Code, of the Project for purposes of Tax Credit; such method may include, if and to the extent necessary, the deferral of a portion of the Development Fee.

(x) **Adjustments Reflecting Reductions in Capital Contributions.** The Partners acknowledge and agree that, if a reduction in the Capital Contributions of the Investor Limited Partner occurs as a result of the application of this Section 5.01(d), the General Partner and the Investor Limited Partner shall agree on a method of applying such reduction in Capital Contributions which shall have the least adverse impact on the “qualified basis” and the “eligible basis”, as those terms are defined in Section 42(c)(1) and 42(d) of the Code, of the Project for purposes of Tax Credit; such method may include, if and to the extent necessary, the deferral of a portion of the Development Fee.

(xi) **Anticipated Capital Contribution Reductions.** Notwithstanding anything to the contrary contained herein, if, upon the request by the General Partner for any Capital Contribution, the Investor Limited Partner shall have a reasonable basis (as explained to the General Partner in writing promptly upon receipt of a request for funding of such Capital Contribution) to believe that the amount of such Capital Contribution would have been subject to reduction if the Accountants had made a current determination or projection under any of the preceding provisions of this Section 5.01(d), the Investor Limited Partner may so notify the General Partner and the General Partner shall thereupon engage the Accountants to make such determination or projection (unless the General Partner and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Capital Contribution in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants’ subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction, if any, as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Capital Contributions or refunded as provided in this Section 5.01(d). The due date for payment by the Investor Limited Partner of any Capital Contribution which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein;

(xii) **Upward Allocation Adjustment.** If the aggregate Housing Tax Credit reflected in the Certified Credit is greater than the aggregate Housing Tax Credit reflected in the Projected Credit, then the Capital Contribution of the Investor Limited Partner to the Partnership shall be increased by an amount equal to such excess multiplied by 90.25% (the “Upward Allocation Adjustment”). The Upward Allocation Adjustment shall be made and applied to increase the Stabilization Capital Contribution. The Partnership shall use the Upward Allocation Adjustment and the Upward Timing Adjustment, if any, (i) to pay Excess Development Costs, (ii) to pay Development Fee that would otherwise be Deferred Development Fee (but the Development Fee payable under Section 8.09 shall not be increased as a result unless such increase has been
approved by the Agency), and (iii) the balance, if any, in the exercise of the General Partner’s reasonable discretion to pay down debt, fund reserves for the benefit of the Project, or to make capital improvements to the Project. Notwithstanding anything to the contrary contained herein, the sum of the Upward Allocation Adjustment and the Upward Timing Adjustment shall not exceed 5% of the Investor Limited Partner’s Estimated Capital Contribution without the Consent of the Investor Limited Partner. If the sum of the Upward Allocation Adjustment and the Upward Timing Adjustment does not agree to pay the excess, then the Upward Allocation Adjustment shall be reduced and the Percentage Interests of the Partners will be adjusted accordingly so that the excess of Certified Credit over the Projected Credit for which the Investor Limited Partner is not making a Capital Contribution will be allocated to the Administrative General Partner to an Affiliate of the Administrative General Partner, subject to the Consent of the Investor Limited Partner.

(xiii) **Upward Timing Adjustment.** In the event that the Actual Credit with respect to the Housing Tax Credits for 2023 is more than the Housing Tax Credits reflected in the Projected Credits for such year, then the Capital Contribution of the Investor Limited Partner to the Partnership shall be increased by an amount (the “Upward Timing Adjustment”) equal to 50% of such excess. The Upward Timing Adjustment shall be made and applied to increase the Stabilization Capital Contribution. It is understood and agreed that the Upward Timing Adjustment is intended to address any acceleration in the delivery of the first of the Credit Period from the Projected Credit amounts with respect to the Housing Tax Credits during such year where the total Projected Credits for the entire Credit Period is not affected and that the Upward Timing Adjustment may be decreased if the Investor Limited Partner determines in the exercise of its reasonable discretion that a smaller Upward Timing Adjustment must be paid in order to maintain the expected return on investment of its members. The Upward Timing Adjustment shall be coordinated with any Initial Reduction Amount or Upward Allocation Adjustment in the manner described in Section 5.01(d)(iii).

(e) The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner’s discretion in a checking, savings and/or money market or similar account, to be established and maintained in the name of the Partnership, or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement.

(f) The approval of the Investor Limited Partner of the items required to be satisfied prior to the making of its Capital Contributions (“Funding Conditions”) shall not be unreasonably withheld or delayed. Upon the written request by the Administrative General Partner, the Investor Limited Partner shall explain promptly in writing any Funding Conditions it has not yet approved, any additional information it requires to approve such conditions, the approximate amount of time it requires to complete its review and, if it has concluded that any Funding Condition has not been satisfied, the Funding Condition and the reason that it has not been satisfied. The Investor Limited Partner shall be provided with all documents and records which they may reasonably require in order to verify the satisfaction of the conditions precedent to the funding of Capital Contributions and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Project) and Management Agent (relating to the Partnership and/or the Project) in connection therewith.
5.02 Return of Capital Contribution. Except as provided in this Agreement, no Partners shall be entitled to demand or receive the return of its Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default. In the event that: (a) the General Partner, or any successor General Partner, shall not have substantially complied with any material provisions under this Agreement after Notice from the Investor Limited Partner of such noncompliance and failure to cure such noncompliance within a period of ten (10) days from and after the date of such Notice, or (b) a Lender shall have declared the Partnership to be in default under any Loan for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution which failure is not a result of a default by the General Partner, which default is not cured within thirty (30) days thereof, or (c) foreclosure proceedings shall have been commenced against the Project for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution which failure is not a result of a default by the General Partner, and such proceedings are not dismissed within ten (10) days thereof, or (d) if the Management Agent is an Affiliate of the General Partner and the Management Agent has materially violated the Management Agreement, or (e) the Tax Credit Allocation is revoked by the Agency or the Agency declares a default thereunder, then the Partnership and the General Partner shall be in default of this Agreement, and the Investor Limited Partner, at its sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership.

All amounts so withheld by the Investor Limited Partner under this Section 5.03 shall be promptly released to the Partnership only after the General Partner or the Partnership has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Limited Partner.

5.04 Intentionally Omitted.

5.05 Repurchase Obligation.

(c) If any of the following occurs:

(vi) All buildings in the Project are not placed in service by [August 31, 2023], (or such later date as may be Consent to by the Investor Limited Partner);

(vii) The IRS Forms 8609s are not issued by the Agency in a timely manner so as to permit the Investor Limited Partner to claim Tax Credit during the Credit Period (unless the General Partner can show to the reasonable satisfaction of the Investor Limited Partner that the failure to obtain such Forms 8609 was due to reasonable cause because the Agency failed to issue the Forms 8609 despite being provided all necessary information by the Partnership on a timely basis and the Forms 8609 are issued by the Agency prior to the tax return due date for the second year of the Credit Period);

(viii) Final Closing (except for Qualified Occupancy) and Breakeven Operations have not occurred by [April 30, 2024] (or such later date as may be Consent to by the Investor Limited Partner) or the commitment for the Permanent Financing is canceled or substantially modified (and not replaced by a similar commitment approved by the Investor Limited Partner, in its sole discretion), or any interest rate lock-in has expired, or the Project only qualifies for a Permanent Financing that is insufficient to balance the sources and uses of funds without the Consent of the Investor Limited Partner;
(ix) Stabilized Operations has not occurred by [April 30, 2024] (or such later date as may be Consented to by the Investor Limited Partner);

(x) the Partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test with respect to units required to meet the Minimum Set-Aside Test by the close of the first year of the Credit Period or at any time thereafter;

(xi) the Partnership fails to execute and record an Extended Use Agreement by the close of the first year of the Credit Period;

(xii) the Partnership fails to achieve Qualified Occupancy by [January 31, 2024];

(xiii) the Partnership fails to satisfy the 50% Test;

(xiv) an uncured event of default described in Section 5.03 shall exist for a period in excess of thirty (30) days prior to the making of the Completion Capital Contribution;

(xv) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is a substantial destruction of less than 50% of the Project and the insurance proceeds (if any) plus amounts escrowed by the General Partner to complete construction are insufficient (in the reasonable judgment of the Investor Limited Partner) to restore the Project or the Project is not so restored within eighteen (18) months following such casualty (or such shorter period as is necessary to qualify for Housing Tax Credits), which shall be extended to twenty-four (24) months if all adjusters due pursuant to Section 5.01 have been paid to the Investor Limited Partner;

(xvi) the Project or any related entity fails to comply with any material representations set forth in the Tax Credit Application and a General Partner fails to cure same within a reasonable period of time after notice from the Agency or the Investor Limited Partner such that the Tax Credit is reasonably likely to be recaptured or award rescinded;

(xvii) a General Partner shall have failed to make the Capital Contribution required upon removal under Section 9.04;

(xviii) the aggregate amount of Certified Credit is less than 70% of the aggregate amount of Projected Credit; or

(xix) any information reflected on a certificate in the form of Exhibit D-1 or D-2 delivered by the Administrative General Partner is incorrect or misleading in any material respect, the Administrative General Partner fails to deliver any updated certificate in the form of Exhibit D-1 or D-2 to reflect changes in the matters previously reported or the Investor Limited Partner determines that any matters reported or required to be reported on any such certificate reflect a material adverse change in the financial condition, results of operations or prospects of a General Partner and/or a Guarantor that could cause a General Partner and/or a Guarantor to be unable to fulfill their respective obligations to the Partnership and/or the Investor Limited Partner;
then the Investor Limited Partner shall, at its sole discretion, have the right to (A) remove the General Partner (or any and all of the General Partners, if more than one) pursuant to Section 9.04; or (B) cause a General Partner (or all of them if more than one) to repurchase the Interest of the Investor Limited Partner hereunder for the payment specified below. In the event that the Investor Limited Partner elects to require a General Partner to repurchase such Interest, such General Partner, promptly after receiving Notice by the Investor Limited Partner of such election, shall acquire the entire Interest of the Investor Limited Partner in the Partnership by making payment to the Investor Limited Partner, in cash, of an amount equal to (1) 100% of the Capital Contribution theretofore paid-in to the Partnership, (2) plus interest on such amount from the time that such Capital Contributions were made at the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2.0%), (3) plus any outstanding amounts owed to the Investor Limited Partner pursuant to this Agreement including any federal income tax liability incurred by the Investor Limited Partner as a result of the payment of amounts pursuant to this clause, (4) less the Housing Credit Tax allocated to the Investor Limited Partner prior to the repurchase of its Interest and not subject to disallowance or recapture.

(d) The Investor Limited Partner’s exercise of its rights to remove the General Partner (or any and all of the General Partners, if more than one) shall preclude it from exercising its rights to cause a General Partner to repurchase such Interest. Extensions of time granted hereunder by the Investor Limited Partner shall not preclude it from later exercising its rights under this Section 5.05 so long as it has not made the Stabilization Capital Contribution.

(e) Upon receipt by the Investor Limited Partner of any such repayment of its Capital Contributions, the Interest of the Investor Limited Partner and its obligations under this Agreement shall terminate, and, to the extent that the Investor Limited Partner has acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the Investor Limited Partner from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the Investor Limited Partner (as a result of their respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than 90 days after the end of the Partnership’s fiscal year, any Partner who has made a Special Additional Capital Contribution pursuant to Section 5.01(c)(v) shall receive an amount equal to the annual interest earned by the Partnership, if any, on such Special Additional Capital Contributions. Provided that the General Partner is not required to assume any additional burdens outside the normal course of business, the Partnership shall invest any amounts contributed pursuant to Section 5.01(c)(v) as reasonably directed by the contributing Partners. Any guaranteed payment due to a Partner shall be deemed an expense of the Partnership for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear interest as set forth above.

5.07 Remedy for Default.

(a) To secure the Investor Limited Partner’s obligation to make Capital Contributions pursuant to the terms of this Agreement, the Investor Limited Partner hereby assigns, grants, and sets over to the Partnership, and agrees that the Partnership shall have a first priority security interest in, the following collateral (the “Collateral”): all of the Investor Limited Partner’s right, title and interest in, to and as Investor Limited Partner, including, without limitation, the Investor Limited
Partner’s interest in the property and assets of the Partnership, and the Investor Limited Partner’s interest in and to all capital of and other accounts maintained by the Partnership including profits, losses, Net Cash Flow, proceeds of Capital Transactions and Tax Credits allocated by the Partnership. The Partnership is hereby authorized to file with respect to the Collateral one or more financing statements or continuation statements and to name therein the Investor Limited Partner as debtor and the Partnership as secured party or to correct or complete, or cause to be corrected or completed, any financing statements or continuation statements as have been signed by the Investor Limited Partner.

(b) In the event the Investor Limited Partner fails to pay any installment of its Capital Contributions on or prior to the due date therefor (and provided all conditions precedent to such payment have been satisfied as required by the terms and provisions of this Partnership Agreement), and such failure continues for fifteen (15) business days after Notice given by the Administrative General Partner, the Investor Limited Partner shall be deemed to be in default hereunder (a “Defaulting Investor Limited Partner”). (If a cure is rendered by the Investor Limited Partner within such fifteen (15) business day period it shall be as though the Investor Limited Partner was never a Defaulting Investor Limited Partner.) Notwithstanding the foregoing or anything in this Agreement to the contrary, the Investor Limited Partner shall not be in default and shall not be a Defaulting Investor Limited Partner if there exists, in the reasonable judgment of the Investor Limited Partner, a dispute concerning whether any payment of a Capital Contribution is due and owing. The Investor Limited Partner shall provide Notice to the Administrative General Partner upon request specifying, in detail the basis upon which it maintains that a Capital Contribution payment demanded by the Administrative General Partner is not due and owing.

(c) The amount in default shall bear interest from the date of default at the Prime Rate plus 1% per annum (or such lesser rate as shall be the maximum permitted by law). Upon the occurrence of such default, the Administrative General Partner (and at the election of the Administrative General Partner, the Partnership) shall have the authority to (x) proceed to pursue any and all available legal or equitable remedies against the Defaulting Investor Limited Partner in order to collect the amount owed by the Defaulting Investor Limited Partner to the Partnership and/or (y) without being under any obligation whatsoever to do so, negotiate a settlement with the Defaulting Investor Limited Partner providing for extensions of time of payment by the Defaulting Investor Limited Partner, or for the purchase of the Interest owned by such Defaulting Investor Limited Partner by any Person, in each case on such terms and conditions as may be acceptable to the Administrative General Partner and the Defaulting Investor Limited Partner and/or (z) pursue the remedies provided in Section 5.07(d).

(d) If the Defaulting Investor Limited Partner fails to pay any installment of its Capital Contributions required hereby and there is no dispute as to whether the Capital Contribution is due and owing within the reasonable judgment of the Investor Limited Partner, then effective upon the expiration of the fifteen (15) business day cure period provided in paragraph (b) above, the Administrative General Partner (and at the election of the Administrative General Partner, the Partnership) shall have the authority to take any or all of the following actions without the Consent of the Defaulting Investor Limited Partner:

(i) The Administrative General Partner or its designee may purchase the Interest of the Investor Limited Partner for a purchase price equal to (x) the fair market value of the Interest to be sold determined by the Accountants based on the prevailing fair market value of interests in entities investing in affordable housing properties which have been allocated Tax Credits but taking into account the effect of the Defaulting Investor Limited Partner’s failure to pay or default less (y) the amount of any Capital
Contribution obligations of the Defaulting Investor Limited Partner that have not been made or satisfied and any third-party expenses actually incurred by the purchaser or the Partnership in connection with such purchase including, without limitation, reasonable legal fees.

(ii) The Partnership shall have all of the rights and remedies of a secured party under the Uniform Commercial Code in force in the State, including without limitation, the right without demand and upon such notice as may be required by law, to the Investor Limited Partner, to collect, receive or take possession of the Collateral or foreclose on the Collateral or any part thereof.

If any of the options set forth in this Section 5.07 shall be exercised, title to the interests so purchased shall vest in the purchaser or purchasers upon the execution of the requisite assignment documents by the purchaser or purchasers and the Partnership. If the purchase price paid for an interest as a result of the direct purchase from the Defaulting Investor Limited Partner pursuant to Section 5.07(d)(i) above or as a result of the foreclosure sale pursuant to Section 5.07(d)(ii) above (but, in either case, not from any subsequent sale) exceeds the sum of (i) the Defaulting Investor Limited Partner’s remaining Capital Contribution obligations corresponding to such interest (assuming for all purposes hereof, that all future capital contributions have been accelerated) and (ii) the Administrative General Partner’s and the Partnership’s costs and expenses incurred with respect to the Investor Limited Partner’s default, and the discharge of any liens or encumbrances on the interest of the Investor Limited Partner, the amount of such excess shall be paid to the Defaulting Investor Limited Partner.

ARTICLE VI
CAPITAL ACCOUNTS

6.01 Capital Accounts. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner’s Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the profits for tax purposes of the Partnership; and there shall be charged against each Partner’s Capital Account the amount of all Net Cash Flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership’s assets or from any Capital Transaction distributed to such Partner, and such Partner's distributive share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations promulgated thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. §1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. §1.704-1(b)(2)(iv).
ARTICLE VII

ALLOCATIONS AND DISTRIBUTIONS

7.01 Determination of Profits, Losses and Credits. Profits, losses and credits for all purposes of this Agreement shall be determined in accordance with the accrual accounting method. Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of such profits or losses, or applicable to the period during which such profits and losses were realized, shall be allocated to each Partner in the same proportion as profits and losses are allocated to such Partner.

7.02 Allocation of Profits, Losses and Credits.

(a) Except as set forth in this Section 7.02, all losses and credits shall be allocated to the Partners in accordance with their Percentage Interests. Profits shall be allocated 51% to the Administrative General Partner and 49% to the Investor Limited Partner.

(b) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute partner, the share of all profits and losses, all Net Cash Flow, and all cash proceeds distributable under Section 7.05 which are attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee based on the “interim closing of the books” method.

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Treasury Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement.
(g) In the event that the General Partner makes any Operating Deficit Loans pursuant to Section 8.08(b), any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to the General Partner and any income generated by any principal repayment or by the forgiveness or cancellation of any such loans shall be specially allocated to the General Partner (including as a result of the operation of Section 9.04).

(h) In the event that (i) funds are received by the Partnership, (ii) the Partners intend that such funds be treated for federal income tax purposes as capital contributions or loans or non-taxable grants, and (iii) it is determined that the receipt of such funds is not so treated and instead gives rise to taxable income or gain, such taxable income or gain shall be specially allocated to the General Partner.

(i) In any year in which the Administrative General Partner receives an incentive management fee pursuant to Section 7.03(a), such fee shall be treated as a guaranteed payment. If and to the extent that such fee, for any reason, cannot be treated as a guaranteed payment, then the General Partner shall be allocated an amount of gross income of the Partnership prior to allocation of profit and losses pursuant to Section 7.02(a) in an amount equal to the incentive management fee.

(j) To the extent the Partnership has taxable interest income with respect to investment of Capital Contributions or from the investment of proceeds in the Tax-Exempt Notes prior to the expenditure of such funds as contemplated by this Agreement, such interest income will be specially allocated to the General Partner.

(k) Intentionally omitted.

(l) Notwithstanding anything to the contrary contained herein, all deductions resulting from “Related Party Expenses” shall be allocated 100% to the Administrative General Partner. For purposes of the foregoing, “Related Party Expenses” shall mean as long as the Management Agent is an Affiliate of the Administrative General Partner the management fee paid to the Management Agent. [To be confirmed]

7.03 Distributions of Net Cash Flow and Net Interim Income.

(a) Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, an amount equal to the payment due and owing under Section 5.01(d) or Section 8.08(c) shall be distributed to the Investor Limited Partner in satisfaction of such obligation;

(ii) next, any other amounts due and owing to the Investor Limited Partner pursuant to this Agreement, including any unpaid Asset Management Fee;

(iii) next, repayment of any Partner Loan made by the Investor Limited Partner;

(iv) next, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.14;
(v) next, to the payment of amounts due with respect to any Operating Deficit Loan(s), or loans made pursuant to Section 8.08(a)(iii), or Partners Loan made by a General Partner until such Loan(s) is repaid;

(vi) next, to the payment of any accrued and unpaid Partnership Management Fee;

(vii) next, to the payment of the Development Fee until fully paid;

(viii) next, 50% to the repayment of the Second Permanent Loan, Third Permanent Loan, Fourth Permanent Loan, and the Fifth Permanent Loan;

(ix) next, any remaining amount up to an amount equal to 67.5% of Net Cash Flow, to the Administrative General Partner and 22.49% to the Managing General Partner until there shall have been cumulative distributions in the aggregate equal to the General Partner’s Special Capital Contribution, if any; and then 67.5% to the Administrative General Partner and 22.49% to the Managing General Partner as an incentive management fee; and

(x) finally, any remaining amount to the Partners in accordance with their respective Interests;

Provided, however, that the aggregate amount distributable to the Investor Limited Partner for any period pursuant to clause (xi) cannot be less than 10% of the aggregate amount distributed for such period pursuant to clauses (x) and (xi), and distributions pursuant to clauses (xi) and (x) (in that order) shall be adjusted accordingly.

Unless otherwise Consented to by the Investor Limited Partner and as provided above with respect to the General Partner’s Special Capital Contribution, if any, no Net Cash Flow shall be paid to the General Partner as a return of equity contributed to the Partnership.

Net Interim Income shall not be distributed except to reimburse the General Partner for the payment of any Excess Development Costs. At the time of funding of the Stabilization Capital Contribution, any remaining Net Interim Income shall be used, subject to the required Lender’s consent, first to pay the Investor Limited Partner any amounts owed under this Agreement and then to pay down any remaining deferred Development Fee.

(b) The Partnership shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Lender, distribute Net Cash Flow annually in the manner provided in Section 7.03(a).

7.04 Allocation of Gains and Losses. Gains and losses recognized by the Partnership upon a Capital Transaction, including the sale, exchange or other disposition of all or substantially all of the property owned by the Partnership shall be allocated in the following manner:

(a) Gains shall be allocated (i) first, to the Partners with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners’ respective negative Capital Accounts in the Partnership; provided, that no gain shall be allocated under this Section 7.04(a)(i) to a
Partner once such Partner's Capital Account is brought to zero; and (ii) second, gain in excess of the amount allocated under (i) shall be allocated to the Partners in the amount and to the extent necessary to increase the Partners' respective Capital Accounts so that the proceeds distributed under Section 7.05(d) will be distributed in accordance with the Partners' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Partners' Capital Accounts; and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss under Section 752 of the Code and the Treasury Regulations promulgated thereunder, or, if none, to the Partners in accordance with their Percentage Interests.

(c) Any portion of the gains treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to the Recapture Amount had been previously allocated.

7.05 Distribution of Proceeds from Capital Transactions. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Partnership assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including amounts due pursuant to any Loan and all expenses of the Partnership incident to any such sale or refinancing), excluding (1) debts and liabilities of the Partnership to Partners or any Affiliates, and (2) all unpaid fees owing to the General Partner under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Administrative General Partner if the distribution is not pursuant to the liquidation of the Partnership) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) to the payment of any debts and liabilities (including unpaid fees) owed to the Partners or any Affiliates by the Partnership for Partnership obligations, provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Limited Partner, an amount equal to any amounts owed under this Agreement including, without limitation any amounts owed to the Investor Limited Partner as a result of any Partner Loan made under Section 11.04 and amounts owed under Section 5.01(d) and any accrued but unpaid Asset Management Fees; (ii) amounts due under the Development Agreement; (iii) to the payment of any amounts accrued but unpaid Partnership Management Fee; (iv) amounts due with respect to Operating Deficit Loans or loans made pursuant to Section 8.08(a)(iii); and (v) any other such debts and liabilities, including, without limitation, any Partner Loan made under Section 8.12;

(d) to the payment of the Sales Preparation Fee, if any, due and payable to the Administrative General Partner; and

(e) the balance of such remaining sum, [45%] thereof in the aggregate to the Administrative General Partner, [45%] to the Managing General Partner, and 10% thereof in the aggregate to the Investor Limited Partner.
Variation of Allocations to Preserve and Protect Partners’ Intent.

(a) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article VII to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article VII, the General Partner hereby is authorized and directed to allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article VII to the extent that allocating income, gain, loss, deduction or credit (or item thereof) in the manner provided for in Article VII would cause the determinations and allocations of each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) not to be permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 7.06 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article VII and no amendment of this Agreement or approval of any Partner shall be required.

(b) In making any allocation (the “new allocation”) under Section 7.06(a), the General Partner is authorized to act only after having been advised by the Accountants that, under Section 704(b) of the Code and the Treasury Regulations promulgated thereunder, (i) the new allocation is necessary, and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in this Article VII necessary in order to assure that, either in the then current year or in any preceding year, each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) is determined and allocated in accordance with this Article VII to the fullest extent permitted by Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

(c) If the General Partner is required by Section 7.06(a) to make any new allocation in a manner less favorable to the Investor Limited Partner than is otherwise provided for in this Article VII, then the General Partner is authorized and directed, only after having been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Investor Limited Partner as nearly as possible to the allocations thereof otherwise contemplated by this Article VII.

(d) New allocations made by the General Partner under Section 7.06(a) and Section 7.06(c) in reliance upon the advice of the Accountants shall be deemed to be made pursuant to the fiduciary obligation of the General Partner to the Partnership and the Investor Limited Partner, and no such allocation shall give rise to any claim or cause of action by the Investor Limited Partner.

Regulatory Allocations.

(a) Notwithstanding any other provision of this Agreement, no allocation of loss or deduction (or item thereof) attributable to any nonrecourse debt of the Partnership shall be made by the Partnership to a Partner if such allocation would cause the sum of the deficit capital account balances of the Partner or Partners otherwise receiving such allocation (excluding the portion of such deficit balances that must be restored to the Partnership upon liquidation, if any) to exceed the Partners’ share of “Minimum Gain” (as defined in Treas. Reg. §1.704-1(b)(4)(iv)(f) and determined at the end of the Partnership taxable year to which the allocation relates).

(b) If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary,
subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year, before any other allocation of Partnership items for such taxable year. A Partner shall not be subject to this mandatory allocation of income or gain to the extent that any of the exceptions provided in Treasury Regulation §1.704-2(f)(2)-(5) applies. All allocations pursuant to this Section 7.07(b) shall be in accordance with Treasury Regulation §1.704-2(f). This provision is a “minimum gain chargeback” within the meaning of Treasury Regulation §1.704-2(f) and shall be construed as such.

(c) In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treas. Reg. §§1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate (to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code) the deficit balance in each such Partner's Capital Account as quickly as possible, provided that an allocation pursuant to this Section 7.07(c) shall be made if and only to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Article VII have been tentatively made as if this Section 7.07(c) were not in the Agreement. This provision is a “qualified income offset” within the meaning of Treasury Regulation §1.704-1(b)(2)(ii)(d) and shall be construed as such.

(d) In the event any Partner has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Partner must restore to the Partnership upon liquidation, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. §1.704-2(g) and §1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7.07(d) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article VII have been tentatively made as if this Section 7.07(d) and Section 7.07(c) were not in the Agreement.

(e) In the event that income, loss or items thereof are allocated to one or more Partners pursuant to Sections 7.07(b), (c) or (d), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 7.07(b), (c) or (d)) to the Partners so that, to the extent possible in the judgment of the General Partner, the net amount of allocations shall be equal to the amount that would have been allocated had Section 7.07 not been applied.

7.08 Deficit Restoration Obligation. Notwithstanding anything to the contrary contained in this Agreement, the Investor Limited Partner may from time to time elect to be obligated to restore a deficit in its Capital Account up to a limited dollar amount. Such election shall be made by the Investor Limited Partner’s delivery of a written notice of election to the General Partner no later than the end of the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that such Investor Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of such Investor Limited Partner’s Interest. This deficit restoration election shall be optional to the Investor Limited Partner and shall not be enforceable by any party.

7.09 Allocations Among General Partners. In the event that there is more than one General Partner, allocations of income, gain, loss, deduction, credit and distribution shall be divided among them in accordance with their Percentage Interests or as they may otherwise agree, but in all events consistent with the requirements of the Code and the regulations thereunder and in a manner that does not affect the allocations to the Investor Limited Partner.
ARTICLE VIII

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

8.01 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes stated in Article III, shall make all decisions affecting the business of the Partnership and shall manage and control the affairs of the Partnership to the best of its ability and use best efforts to carry out the purpose of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Investor Limited Partner and of the Partnership. The General Partner shall devote such time as is necessary to the affairs of the Partnership.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Lender and/or Agency rules and regulations and the provisions of the Project Documents, the General Partner (acting for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, except as otherwise set forth in this Agreement, the General Partner is specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Regulatory Agreement, the Extended Use Agreement, the Loan Documents, the Mortgage, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto, as shall be required in connection with the Construction Loan and the Permanent Financing, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Except as otherwise set forth in this Agreement, all decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. No person dealing with the General Partner shall be required to determine its authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority.

(c) In the event that there is more than one General Partner, the obligations of the General Partner hereunder shall be the joint and several obligations of each General Partner and the rights and powers of the General Partner hereunder shall be exercised by a majority of them (by number and without regard to their relative interests in the Partnership) except for the specific obligations delegated to the Administrative General Partner and Managing General Partner. In the event that there is an even number of General Partners and there is a deadlock regarding a potential action, any General Partner may call a meeting of the General Partners pursuant to Section 16.03 and put the proposed action to a vote of the General Partners in accordance with the General Partners’ Percentage Interest. Any General Partner shall have the authority to carry out an action approved by a vote of the Partners.

(d) Notwithstanding any other provisions in the Partnership Agreement, the Administrative General Partner shall be obligated to perform the following management duties on behalf of the Partnership:

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(i) rent, maintain and repair the low-income housing property, or if such duties are delegated to the Management Agent, participate in the hiring and overseeing of the work of the Management Agent;

(ii) acquire, hold, assign or dispose of the Partnership’s Property, or any interest therein, subject to the terms and conditions of the Partnership Agreement;

(iii) borrow money on behalf of the Partnership, encumber Partnership assets, place title in the name of a nominee to obtain financing, prepay in whole or in part, refinance, increase, modify or extend any obligation subject in each instance to the terms and conditions of the Partnership Agreement; and

(iv) determine the amount and timing of distributions to Partners and establish and maintain all required reserves.

8.02 Limitations Upon the Authority of the General Partner.

(a) The General Partner shall not have any authority to:

(i) perform any act to its knowledge in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreement, the Extended Use Agreement, this Agreement or any other Project Documents;

(iii) do any act required to be approved or ratified in writing by the Investor Limited Partner under the Act unless the right to do so is expressly otherwise given in this Agreement;

(iv) elect, on behalf of the Partnership, the 20-50 Set-Aside Test or the 40-60 Set-Aside Test as the Minimum Set-Aside Test;

(v) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

(vi) borrow from the Partnership or commingle Partnership funds with funds of any other Person.

(vii) change the nature of the business or purpose of the Partnership;

(viii) perform any act that would subject a Limited Partner to liability as a General Partner; or

(ix) do any act which would make it impossible to carry on the ordinary business of the Partnership

(b) The General Partner shall not, without the Consent of the Investor Limited Partner, (which Consent shall not be unreasonably withheld, conditioned or delayed, except for those
matters described in (iii), (v), (ix), (xv) and (xxii) below for which Consent may be given or withheld in the sole and absolute discretion of the Investor Limited Partner) have any authority to:

   (i) except as set forth in Section 8.17 herein, sell or otherwise dispose of, at any time, all or substantially all of the assets of the Partnership or any portion of the Land upon which the Project is built or grant easement or dedicate a portion of the Land;

   (ii) develop any currently undeveloped portion of the Land upon which the Project is built;

   (iii) (A) amend, modify or renew the terms of any material document executed in connection with the Construction Loan or Permanent Financing, (B) obtain, or enter into any commitment for, a loan other than the Construction Loan, a Permanent Financing, or a Partner Loan allowed pursuant to the terms of this Agreement, (C) increase or decrease the amount of any Loan (or make application(s) for such an increase or decrease), or (E) refinance any Loan; provided, however, that any time after the expiration of the Compliance Period, the Investor Limited Partner agrees that it shall Consent to a refinancing of the Tax Exempt Loan provided that the following terms and conditions are met: (i) the amount of the refinanced loan has at least the same principal amount as that remaining on the Tax Exempt Loan, (ii) the interest expense on the new loan is at least the same as the current interest expense on the remaining Tax Exempt Loan, (iii) the total debt service required under the refinanced first mortgage loan is equal to or less than the total debt service required under the Tax Exempt Loan, (iv) the refinanced first mortgage loan will be a nonrecourse obligation, except for the standard exceptions to nonrecourse carve outs, of the Partnership and each of the Partner of the Partnership, (v) the Partnership has received consent from the Agency and the Lenders for such refinancing, to the extent such consent is required, and (vi) the form and substance of any documents evidencing the refinanced loan are reasonably acceptable to the Investor Limited Partner;

   (iv) (A) execute the Loan Documents for the Permanent Financing unless the terms of the loan are consistent with the terms described in the definition of Permanent Financing and the documents are in a form previously approved by the Investor Limited Partner, or (B) receive the proceeds of, or execute documentation in respect of, any grants, if awarded; provided however, the parties hereto agree that the General Partner may cause the Partnership to enter into a loan with an Affiliate of the General Partner from funds made available from an Affordable Housing Program grant (the “AHP Loan”). The documents evidencing the AHP Loan shall be on such terms and forms as approved by the Investor Limited Partner prior to the 8609 Capital Contribution and shall be for a maximum amount of $[______]. The Partners acknowledge that the AHP Loan is intended to pay down the Third Permanent Loan or such other uses approved by the Investor Limited Partner in its reasonable discretion and the making of any additional loans shall remain subject to the Investor Limited Partner’s Consent;

   (v) incur any liability or obligation on behalf of the Partnership other than in the ordinary course of business or borrow in excess of $25,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except borrowings under Section 8.12 or Section 11.04, and except as and to the extent provided for in an approved budget pursuant to Section 14.04;
(vi) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(vii) execute or deliver any assignment for the benefit of creditors, file or consent to the filing of a petition in Bankruptcy with respect to the Partnership or file or consent to any plan of reorganization in Bankruptcy or consent to any lifting of the automatic stay;

(viii) replace the Management Agent or substantially modify the terms of the Management Agreement;

(ix) replace the Accountants or change any accounting method or practice of the Partnership;

(x) make any modification to the Development Budget (other than change orders allowed or approved pursuant to Section 4.02(y)) or make any expenditure which is not consistent with the Development Budget; provided, that minor (amounts less than $10,000.00) line item shifts will not require Consent so long as such shifts have no adverse effect on Tax Credit and, further provided, that the Investor Limited Partner’s Consent to such modifications or inconsistent expenditures shall not be unreasonably withheld or delayed so long as adequate funds are available for such purpose;

(xi) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or make any modification to the capital budget prepared pursuant to Section 14.04 or make any expenditure which is not consistent with such budget except (a) repairs, replacements and remodeling under emergency conditions, or (b) reconstruction paid for from insurance proceeds; provided, that the Investor Limited Partner’s Consent to such modifications or inconsistent expenditures shall not be unreasonably withheld or delayed so long as adequate funds are available from operating revenues, draws from the Replacement Reserve that do not require Investor Limited Partner Consent or amounts advanced to the Partnership pursuant to the Operating Deficit Guaranty;

(xii) make any modification to the operating budget prepared pursuant to Section 14.04 or make any expenditure which is not consistent with such budget; provided, that expenditures for line items of up to 110% of the budgeted amount shall not be deemed to be inconsistent with the budget and, further provided, that the Investor Limited Partner’s Consent to such modifications or inconsistent expenditures shall not be unreasonably withheld or delayed if the proposed operating expense is reasonably required for the operation of the Project;

(xiii) consent to the settlement of any lawsuit or any other legal or administrative proceeding involving the Partnership as a party;

(xiv) initiate any lawsuit or any other legal or administrative proceeding involving the Partnership as a party (other than tenant eviction or similar tenant proceedings in the ordinary course of business) or confess a judgment against the Partnership in an amount in excess of $10,000.00;
(xv) settle any audit with the Internal Revenue Service concerning the adjustment or readjustment of any Partnership tax item, extend any statute of limitations, or initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(xvi) change the first year of the Credit Period;

(xvii) approve change orders except as permitted by Section 4.02(y);

(xviii) amend, modify, terminate or renew in any material manner any Project Document;

(xix) discharge the Contractor of its duties, replace the Contractor or deliver to the Contractor any correspondence regarding a potential dismissal of the Contractor; or

(xx) enter into (a) any commercial lease or (b) any agreement for the provision of personal or social services with respect to any portion of the Project;

(xxi) except in connection with the Construction Financing, pledge its Interest or the Partnership’s right to receive Capital Contributions, or otherwise encumber Partnership assets except as may be consented to by the Investor Limited Partner, in connection with the Loans;

(xxii) make, amend, revoke or refrain from making any tax election required of or permitted to be made by the Partnership under the Code;

(xxiii) loan any money on behalf of the Partnership or guarantee on behalf of the Partnership the indebtedness of any other person;

(xxiv) pay any salary, fees or other compensation to a General Partner or its Affiliates, except as specifically provided for in this Agreement or in an approved budget;

(xxv) select an imputed income for the Average Income Set-Aside except as set forth in the definition of Project; or

(xxvi) settle any insurance claim.

8.03 Management Purposes. In conducting the business of the Partnership, the General Partner shall be bound by the Partnership’s purposes set forth in Article III.

8.04 Delegation of Authority. The General Partner may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

8.05 General Partner or Affiliates Dealing with Partnership.

(a) The General Partner or any Affiliate may act as Management Agent on such terms and conditions permitted by any applicable Lender and/or Agency requirements, and may receive
compensation at the highest rates approved and permitted by the Lender and Investor Limited Partner at any time not exceeding amounts set forth under Section 8.11(a). An affiliate of the General Partner may also serve as Developer as provided herein.

(b) The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership in addition to those set forth herein, if (i) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Partnership, (ii) the goods or services to be furnished shall be reasonable for and necessary to the Partnership, (iii) the fees, terms and conditions of such transaction are at least as favorable to the Partnership as would be obtainable in an arm’s-length transaction, (iv) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the General Partner or any Affiliate shall be compensated by the Partnership for its services and (v) such contracts and dealings are fully and specifically disclosed to the Investor Limited Partner in writing.

Any contract covering such transactions shall be in writing and shall be terminable without penalty on thirty (30) days notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to the Investor Limited Partner in the reports required under Section 14.03. Neither the General Partner nor any Affiliate shall, by the making of lump-sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.05(b).

8.06 Other Activities. The General Partner’s Affiliates may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.07 Liability for Acts and Omissions. Neither the General Partner nor the Investor Limited Partner nor any of their respective Affiliates shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by him or it, or any of them, in good faith on behalf of the Partnership and in a manner reasonably believed by him or it or any of them to be within the scope of the authority granted to him or it or any of them by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 8.07 shall not apply in the case of the breach of any express obligation of the General Partner as set forth herein, or the gross negligence, misconduct, fraud or any breach of fiduciary duty as General Partner or its officers, directors, agents or employees with respect to such acts or omissions. Any loss or damage incurred by any General Partner or the Investor Limited Partner or any of their respective Affiliates thereof by reason of any act or omission performed or omitted by him or it or any of them in good faith on behalf of the Partnership and in a manner reasonably believed by him or it or any of them to be within the scope of the authority granted by this Agreement and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner or Affiliate thereof by reason of gross negligence, misconduct, or fraud by any of its officers, directors, employees or agents of the General Partner or any breach of fiduciary duty as General Partner with respect to such acts or omissions) shall be paid from Partnership assets to the extent available (but the Investor Limited Partner shall not have any personal liability to the General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the General Partner or Affiliate(s) thereof or on account of the payment thereof).
8.08 General Partner Guaranties and Indemnities.

(a) Construction Completion Guaranty.

(i) The Administrative General Partner covenants and agrees to cause Substantial Completion and Final Closing to occur.

(ii) In causing Final Closing to occur, the Administrative General Partner agrees that it is obligated to fund any reduction in the principal amount or interest rate of the Permanent Financing necessary, in the reasonable discretion of the Investor Limited Partner, to avoid having amortized monthly payments of principal and interest that would prevent three (3) consecutive months of Stabilized Operations from being achieved prior to [April 30, 2024] (based on projected revenues and operating expenses). Any amounts initially paid by the Administrative General Partner pursuant to this clause (ii) shall be treated as a Development Advance Loan (as defined in Section 8.08(a)(iii) below) unless tax counsel to the Investor Limited Partner determines that such loan treatment would cause a reallocation of Losses or Housing Tax Credits expected to be received by the Investor Limited Partner, which Consent shall not be unreasonably withheld, conditioned or delayed. Further, the Administrative General Partner will also advance funds as needed during construction if proceeds of financing and/or capital contributions are not yet available to pay such costs (which advances may also be repaid from Net Interim Income (subject to the limitations described above). Such advances will be repaid, without interest, once such sources of funds become available.

(iii) The Administrative General Partner covenants and agrees to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs except to the extent that such costs can be paid from Net Interim Income. Any amounts paid by the Administrative General Partner pursuant to this clause (iii) shall not be treated as a loan or repaid by the Partnership unless consented to by the Investor Limited Partner, provided that loans made pursuant to Section 8.08(a)(iii) shall be made in accordance with Section 8.12 it shall not bear interest, nor shall such amounts be considered or treated as Capital Contributions of the Administrative General Partner to the Partnership.

(b) Operating Deficit Guaranty.

(i) In the event that, at any time during the Operating Deficit Guaranty Period, an Operating Deficit shall exist which if funded from the Operating Reserve would cause the balance in such account to fall below the Operating Reserve Minimum, the Administrative General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit. Any such funds provided shall be limited in the aggregate to $856,000 and shall be in the form of a loan to the Partnership (the “Operating Deficit Loan(s)”). An Operating Deficit Loan shall be made in accordance with the provisions of Section 8.12; provided, however, that an Operating Deficit Loan shall bear no interest.
(ii) The Operating Deficit Guaranty Period shall begin on the date of payment of all or part of the Stabilization Capital Contribution and shall continue until sixty (60) calendar months thereafter, and (ii) on which all of the following conditions are then being met:

(A) Intentionally omitted;

(B) in the twelve (12) calendar months, the average Net Operating Income has been greater than 115% of Must-pay Debt Service (each determined on an annual basis using actual amounts as shown in the audited Financial Statements for such years);

(C) Intentionally omitted.

(D) the amount on deposit in the Partnership’s Operating Reserve is not less than the Operating Reserve Minimum;

(E) the Partnership is Current; and

(F) Intentionally omitted.

(iii) Notwithstanding anything contained herein, the Managing General Partner shall be obligated to fund all Operating Deficits as a result of the loss of Real Property Tax Exemption, unless caused by a change in law which cannot reasonably be compiled with by the General Partner.

(c) Tax Credit Guaranty.

(i) After the determination of the Certified Credit if, for any reason, the amount of Actual Credit for any year is less than the Certified Credit for such year or there is a Tax Credit Recapture Event with respect to such year, then the Administrative General Partner shall make a payment to the Investor Limited Partner in an amount equal to the Credit Reduction Adjustment.

(ii) The Credit Reduction Adjustment shall be equal to: (1) the Certified Credit for such year minus the Actual Credit for such year, plus (2) the amount of any recapture recognized by the Investor Limited Partner as a result of a Tax Credit Recapture Event, plus (3) interest, penalties and enforcement costs payable on any such shortfall or recapture, plus (4) an amount equal to the present value of future Tax Credit unable to be taken due to the circumstances giving rise to the shortfall or recapture, discounted at an interest rate necessary to maintain the internal rate of return of the Investor Limited Partner’s investment in the Partnership as determined in the Investor Limited Partner’s sole discretion to the date that such determination is made, plus (5) an additional amount such that, after payment of tax by the Investor Limited Partner on the sum of the amounts described in clauses (1) through (5) hereof that are includible in federal taxable income at the highest federal corporate income tax rate then in effect, the net amount paid to the Investor Limited Partner pursuant to this sentence (net of such tax liability) will equal the sum of the amounts described in clauses (1) through (4) above. Notwithstanding the foregoing, the Credit Reduction Adjustment shall not include any
amount caused solely by the failure of the Investor Limited Partner to make a Capital Contribution when due and payable. In the event of a transfer by the Investor Limited Partner of its Interest, the General Partner shall remain liable to such Investor Limited Partner for any Credit Reduction Amount attributable to a Tax Credit Recapture Event that occurs subsequent to such transfer.

(iii) The Administrative General Partner shall be obligated to make payment to the Partnership of an amount equal to the Credit Reduction Adjustment within thirty (30) days of a delivery of the written determination by the Investor Limited Partner, as verified by the Accountants, that the Credit Reduction Adjustment is due and owing with respect to any such year of the Credit Period or any prior year(s) (commencing on the first day of the first year of the Credit Period), and such payment shall be deemed to be a Capital Contribution by the General Partner. Upon receiving such a payment, the Partnership shall then immediately distribute such amounts to the Investor Limited Partner as a return of capital. Any amounts not paid within thirty (30) days of the delivery of the written determination shall bear interest at the Prime Rate plus two percent (2%) per annum, until paid in full and such interest shall be deemed part of the Credit Reduction Adjustment. An amount equal to the Credit Reduction Adjustment, if not paid by the Administrative General Partner or the Guarantor, shall be distributed to the Investor Limited Partner from Net Cash Flow under Section 7.03 with respect to the Credit Reduction Adjustment due and owing with respect to any prior year(s), but such distributions shall not limit the right of the Investor Limited Partner to remove the General Partner for failure to pay the Credit Reduction Adjustment. Any amounts due and owing under this Section 8.08(c)(iii) upon the occurrence of a Capital Transaction, shall be distributed to the Investor Limited Partner under Section 7.05. It is understood and acknowledged that the provisions of this Section 8.08(c)(iii) may be applied on more than one occasion if events giving rise to the payment of an Credit Reduction Adjustment occur in more than one year during the applicable Credit Period.

(iv) Notwithstanding the foregoing, any Credit Reduction Adjustment due to Changes in Tax Law shall be payable solely from distributions of Net Cash Flow pursuant to Section 7.03, or distributions of proceeds from Capital Transactions pursuant to Section 7.05 and any Credit Reduction Amount due to a sale of the Project which has been Consented to by the Investor Limited Partner shall be reduced by any distribution of proceeds from Capital Transactions made pursuant to Section 7.05 with respect to such sale.

(d) **Environmental Indemnification.** The Administrative General Partner shall at all times indemnify and hold harmless the Investor Limited Partner against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments, and expenses, of any nature whatsoever, suffered or incurred by the Investor Limited Partner with respect to any remediation costs incurred by the Partnership, under or on account of the Environmental Laws or any similar laws or regulations, including the assertion of any lien thereunder or on account of any violation of the General Partner’s representations, warranties, covenants or obligations as set forth in Section 4.01(o).

(e) **Securities Indemnification.** The General Partner will indemnify and hold the Partnership, the Investor, the Investor Limited Partner and the partners, members, or shareholders thereof, and their respective Affiliates and agents, free and harmless from any injury, loss or damage (including, but not by way of limitation, reasonable attorneys’ fees, court costs, and amounts paid in settlement of
any claims, which settlement has been mutually agreed to by it and the party against whom such claim has been made) resulting from the claims of any Person with respect to any liability arising under the Securities Act of 1933 or the Securities Exchange Act of 1934 or the laws or regulations of any state or other jurisdiction, which claims are based upon alleged fraud, deceit, or untrue statement or alleged untrue statement of a material fact, or the omission or alleged omission to state a material fact required to be stated or necessary to make the statements not misleading, with respect to or based upon information furnished or statements made by it to the Investor Limited Partner, the Investor, their Affiliates or agent(s), in connection with the acquisition by the Investor Limited Partner of its Interest in the Partnership or the offer or sale of interests in the Partnership or in the Investor Limited Partner.

(f) **Indemnification for General Partner Actions or Inaction.** Each General Partner shall defend, indemnify and hold harmless the Partnership and the Investor Limited Partner from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of such General Partner’s or any of its designated Affiliate’s gross negligence, intentional misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation, any breach by such General Partner or any of its designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 4.01 or 4.02 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of the General Partner.

8.09 **Development Fee.**

(a) The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and Construction of the Project. In consideration for such services, a Development Fee in a total amount equal to $[5,500,000], as may be adjusted pursuant to the terms of the Development Agreement, shall be payable by the Partnership, in accordance with the terms of the Development Agreement. To the extent funds are otherwise available, $[1,100,000] of the Development Fee may be paid at the time of the Initial Closing, and $[220,000] may be paid at the time of the Completion Capital Contribution of the Investor Limited Partner. Any unpaid balance of the Development Fee may be paid from the Stabilization Capital Contribution and the 8609 Capital Contribution after all other costs of Construction and the construction phase of the Tax-Exempt Loan and the Taxable Loan have been paid in full. If necessary, up to $[1,300,000] of the Development Fee (or the extent needed, due to cost overruns, the Investor Limited Partner may, in its sole but reasonable discretion, agree to a higher amount, so long as the amount of the Development Fee being deferred may be repaid within the Compliance Period) may be deferred and paid after the Stabilization Capital Contribution of the Investor Limited Partner in accordance with Section 7.03 or from the proceeds of the General Partner’s Special Capital Contribution (to be paid 85% by the Administrative General Partner and 15% by the Managing General Partner) and such deferred portion shall bear interest at a rate equal to 0.50% per annum. To the extent not paid by the time of the Stabilization Capital Contribution deferred in accordance with the preceding sentence, any unpaid balance of the Development Fee shall be cancelled as provided in the Development Agreement or shall be an Excess Development Cost that shall be paid by the General Partner pursuant to Section 8.08(a).

(b) Upon Substantial Completion and at least 60 days prior to the end of the first year of the Credit Period, the Accountants shall provide to the Investor Limited Partner a draft certification of the construction and development costs and the Eligible Basis of the Project ("Preliminary
Cost Certification"). If the Preliminary Cost Certification indicates that the Project will not meet the 50% test for financing development costs from tax-exempt bond proceeds as described in Code Section 42(h)(4)(B) (the "50% Test"), the Development Fee payable pursuant to Section 8.09(a) above shall be reduced by the amount necessary for the Project to meet the 50% Test as determined by the Accountants and as approved by the Investor Limited Partner.

(c) Upon sale of the Project, the Partnership shall pay a sales preparation fee to the Administrative General Partner (the “Sales Preparation Fee”), in consideration of its actual services in arranging for and negotiating such sale, in an amount equal to four percent (4%) of the gross sale price of the Project, as provided in Section 7.05; provided, however, that the total compensation paid by or on behalf of the Partnership to all Persons with respect to brokerage services or related fees in connection with the sale of the Project, or any portion thereof, shall not exceed six percent (6%) of the contract price for the sale of the Project (or such portion thereof) and, if and to the extent that any other payment(s) are made by or on behalf of the Company to any Person(s) with respect to any such sale of the Project, the Sales Preparation Fee shall, if necessary, be reduced to such amount as, when added to the aggregate amount of all other such payment(s), does not exceed six percent (6%) of the contract price for the sale of the Project (or such portion thereof). The Sales Preparation Fee shall be due and payable on a one-time basis only and will not be payable in connection with any partial sale or refinancing of any Loan. In addition, if the Administrative General Partner (or an Affiliate thereof) purchases the Project, the Sales Preparation Fee shall only be allowed as a credit to the purchase price.

8.10 Withholding of Fees. In the event that (a) a General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement or any representation or warranty is materially untrue, after Notice from the Investor Limited Partner of such noncompliance and failure to cure such noncompliance within a period of ten (10) days from and after the date of such Notice, or (b) the Funding Lender, Government Lender, or the Lender shall have declared the Partnership to be in default under the Construction Loan or the Permanent Financing for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution, which failure is not a result of a default by the General Partner, which default is not cured within ten (10) days thereof or (c) foreclosure proceedings shall have been commenced against the Project for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution, which failure is not a result of a default by the General Partner, which proceeding is not dismissed within thirty (30) days thereof, then (i) the General Partner shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of fees and/or allowance payable to the General Partner or any Affiliate pursuant to Section 8.09 or any other provision of this Agreement, and (ii) the General Partner shall be liable for the Partnership’s payment of any and all installments of the Development Fee payable pursuant to Section 8.09, as and to the extent provided in Section 8.09, and such payment shall discharge the Partnership’s obligation to make such payment.

All amounts so withheld by the Partnership under this Section 8.10 shall be promptly released to the payees thereof only after the General Partner has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Limited Partner.

8.11 Management Agent.

(a) Selection of Management Agent. The Partnership, with the approval of the Agency and/or the Lender, if required, shall engage Related Management Company or such other person, firm or company as the Administrative General Partner may select, and as the Investor Limited Partner may approve, which approval shall not be unreasonably withheld, conditioned or delayed (hereinafter
referred to as “Management Agent”) to manage the operation of the Project during the rent-up period and following Final Closing. Such Management Agent shall possess all required and applicable certifications and licenses issued through the State or through a reputable property management educational organization (such as a Certified Property Manager designation through the Institute of Real Estate Management) as well as any additional certifications or licenses which are required to manage Tax Credit properties. The Management Agent shall perform its obligations in accordance with all laws, procedures and regulations governing property managers within the State. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Lender, if required, but in no event will the annual management fee be greater than [three and four tenths] percent ([3.4]%) of the annual Gross Effective Income. The Management Agent shall be required to prepare monthly accrual-basis operating statements with respect to the Project which statements shall be provided to the General Partner no later than 10 days following the end of each month and which statement shall disclose any event or occurrence with respect to the Project which is asserted by an Authority to be in violation of any Federal, state or local statute or regulation. The contract between the Partnership and the Management Agent and the management plan for the Project shall be in a form acceptable to the Agency and/or the Lender, if required, and reasonably acceptable to the Investor Limited Partner; such contract shall have an initial term of one (1) years and shall be renewable annually thereafter unless notice of nonrenewal is given by either party not more than thirty (30) days prior to the expiration of the then current term and shall provide, among other things, (i) for termination by the General Partner with no more than thirty (30) days’ notice; (ii) for payment of a management fee in an amount not to exceed the respective percentages set forth above; (iii) that if the Management Agent is an Affiliate of the General Partner, the Management Agent will accrue fifty percent (50%) of the management fee to the extent necessary at any time to prevent a default under the Permanent Financing or an Operating Deficit; and (iv) other commercially reasonable terms including the provision of a fidelity bond and insurance coverage consistent with the specifications set forth in the Insurance Guidelines. Related Managing Company is approved by the parties hereto as the initial Management Agent.

(b) Removal of the Management Agent. The Administrative General Partner (i) may, upon receiving the Consent of the Investor Limited Partner, not to be unreasonably withheld, conditioned or delayed, and receiving any required approval of any Lender, dismiss or not renew the Management Agent as the entity responsible for the Project under the terms of the contract between the Partnership and the Management Agent, and (ii) shall not renew the contract of the Management Agent if the Investor Limited Partner makes a reasonable request to not renew such contract, and (iii) at the request of the Investor Limited Partner, shall immediately remove the Management Agent in the event that: (1) the Investor Limited Partner has determined to remove the General Partner pursuant to Section 9.04 or has determined that grounds for removal under Section 9.04 exist or has determined to exercise its authority described in Section 5.05 to remove the General Partner, or (2) the Management Agent is declared Bankrupt, is dissolved, is insolvent, or makes an assignment for the benefit of its creditors, or (3) for three consecutive months, the actual rental revenue collected in each month is less than eighty-five percent (85%) of the potential monthly rental revenue (which is defined as posted project monthly rents multiplied by the number of units in the Project), or (4) for three consecutive months, the Partnership is not Current (measured in each case as of the last day of each month), or (5) there has been a default in a Permanent Loan or the occurrence of a Tax Credit Recapture Event, if either event was the result of the failure of the Management Agent to properly perform its duties under the Management Agreement, or (6) there has been a material default under the Management Agreement that has not been cured within a reasonable time, or (7) the Partnership has been issued a citation or given a similar notice by a government agency of a building code violation that has not been cured in a reasonable time, or (8) the Agency has filed an Internal Revenue Service Form 8823 with respect to the Project and any
noncompliance alleged therein has not been cured in a reasonable time and is the result of the failure of the Management Agent to properly perform its duties under the Management Agreement, or (9) there is any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Partnership and/or any material provision of the Regulatory Agreement and/or the Extended Use Agreement applicable to the Project, or the approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law;

(iii) causes the Project to be operated in a manner which if continued would, in the opinion of counsel to the Investor Limited Partner, be likely to give rise to a Tax Credit Recapture Event.

(c) Replacement of the Management Agent. Upon the termination of the contract with the Management Agent or the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent which, if the removed Management Agent was an Affiliate of the General Partner, is not an Affiliate of the General Partner, shall be named by the Administrative General Partner, subject to the approval of the Lender, if required, and the Consent of the Investor Limited Partner. Notwithstanding anything to the contrary contained herein, in the event there exists a conflict between the terms of this Agreement and that of the Management Agreement, the terms of this Agreement shall control.

8.12 Loans to the Partnership by General Partner or Others. With the prior written Consent of the Investor Limited Partner first obtained (which may be granted or withheld in its sole discretion) in the event that additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, the Partnership may borrow such funds as are needed from any General Partner or other Person or organization, as the General Partner, the Investor Limited Partner and the Lender, if so required, may agree. Unless the Investor Limited Partner and the Lender, if so required, agree otherwise, such loans shall (i) bear a per annum rate of interest equal to Prime plus 100 basis points (1 percentage point), (ii) shall not have a fixed maturity date that is prior to the end of the Compliance Period, (iii) shall not be secured by any mortgage or other encumbrance on the property of the Partnership, (iv) shall be payable solely from the assets of the Partnership (including the proceeds of any claim against the General Partner under this Agreement, including without limitation claims for capital contributions, payments under the Completion Guaranty or Operating Deficit Guaranty and indemnifications) but not from the assets of any Partner, and (v) shall be repaid prior to final maturity as a Partner Loan as set forth in the definition of Net Cash Flow in Article II, but any amount of any such loan that is outstanding at the time of the occurrence of any of the events described in Sections 7.05 or 12.01 shall be repaid as provided in Section 7.05.

8.13 Replacement Reserve. The Administrative General Partner shall establish a replacement reserve account (the “Replacement Reserve”) with a lending institution acceptable to the Investor Limited Partner. Contributions to the Replacement Reserve shall begin at the earlier of six months after completion of Construction or the first month the property achieves Stabilized Operation and
shall be pro-rated for the year contributions begin. From such date, the Partnership shall be obligated to make a pro rata payment to the Partnership’s Replacement Reserve each month equal to (on an annualized basis) the greater of (i) the amount required by the Lender and (ii) $500 per unit (the “Reserve Minimum Payment”).

Any interest earned on the Replacement Reserve shall become a part thereof.

Unless otherwise approved by the Investor Limited Partner (and the Lenders if necessary), draws from the Replacement Reserve shall only be used to pay costs with respect to the Project that are capital in nature and result in the production of depreciable assets with a useful life exceeding 2 years. By way of example and not limitation, amounts from the Replacement Reserve may fund replacement of assets such as window treatments, carpeting and appliances but should not be used for interior painting and similar maintenance expenses. The Investor Limited Partner shall receive a copy of any draw from the Replacement Reserve. Except for emergency expenditures necessary for protection of person or property or expenditures that would not cause aggregate draws in any one fiscal year to exceed $20,000.00, the Investor Limited Partner shall receive such draw in proposed form in advance and the withdrawal from the Replacement Reserve shall be made only with the Consent of the Investor Limited Partner, which shall not be unreasonably withheld, delayed or conditioned.

Repairs, replacements or improvements funded from the Replacement Reserve shall be constructed, installed and completed in a workmanlike manner, free and clear from all liens. Evidence of such completion shall be provided to the Investor Limited Partner upon request.

8.14 Operating Reserve.

The Administrative General Partner shall establish an Operating Reserve (the “Operating Reserve”) with a lending institution acceptable to the Investor Limited Partner, and such Operating Reserve shall be funded at the time of the funding of the Stabilization Capital Contribution in an amount equal to $427,543. Such Operating Reserve shall be maintained for the duration of the Compliance Period (after which, funds on deposit may be released and distributed as Net Cash Flow in accordance with Section 7.03) and shall be used exclusively to pay for Operating Deficits incurred by the Partnership after the date of the Stabilization Capital Contribution; provided however, that all withdrawals from the Operating Reserve that would cause aggregate draws in any one fiscal year to exceed $25,000.00 shall be made only with the Consent of the Investor Limited Partner, which shall not be unreasonably withheld, delayed or conditioned. Notwithstanding anything to the contrary contained herein, should the balance in the Operating Reserve fall below $417,500 (the “Operating Reserve Minimum”), distributions shall be made from Net Cash Flow as provided in Section 7.03 on each Payment Date to maintain a minimum balance equal to the Operating Reserve Minimum.

8.15 Subsidy Transition Reserve. The Administrative General Partner shall establish a Subsidy Transition Reserve (the “Subsidy Transition Reserve”) with a lending institution acceptable to the Investor Limited Partner, and such Subsidy Transition Reserve shall be funded at the time of the funding of the Stabilization Capital Contribution in an amount equal to $615,846. Such Subsidy Transition Reserve shall be maintained for the duration of the Compliance Period (after which, subject to Lender and Agency requirements, funds on deposit shall be, at the choice of the General Partner, released in accordance with Section 8.16). During the Compliance Period such funds shall be used exclusively to pay for Operating Deficits incurred by the Partnership resulting from any shortfall of rental assistance projected to be received under the HAP Contract – PBV and HAP Contract – RAD. Prior to the end of the Compliance Period, any withdrawals from the Subsidy Transition Reserve shall made only with the
8.16 Reserve Release. Notwithstanding any language to the contrary in this Agreement, for the full term of the Extended Use Agreement, all funds in the Project reserve accounts shall remain with the Project to be used for the benefit of the Project and/or its residents. The only exception to the foregoing is the release of the Operating Reserve subject to the Investor Limited Partner’s consent to pay any deferred Development Fee following the achievement of a minimum annual debt service ratio of 1.15 for three consecutive years following Breakeven Operations.

8.17 Option to Purchase, Put Option and Right of First Refusal.

(a) During the period commencing upon the end of the Compliance Period and continuing for 24 months thereafter, the Administrative General Partner shall have the option to purchase the Project from the Partnership at a price (the “Purchase Price”) equal to the greater of (i) fair market value of the Project based on an appraisal conducted by an appraiser approved by the Investor Limited Partner, which appraisal shall assume that the Project shall remain subject to the Extended Use Agreement and the Regulatory Agreement and utilizes widely accepted appraisal methods for this type of Project at the time the appraisal is made, or (ii) the sum of (A) the principal amount of outstanding indebtedness secured by the Project (including any amounts payable to the General Partner in respect of the Development Fee pursuant to Sections 7.03 and 7.05 of this Agreement); (B) an amount sufficient to pay all Federal, State and local taxes attributable to the sale and payable by the Partnership or its partners; (C) all expenses of sale; and (D) any amounts due to the Investor Limited Partner under the Agreement. Alternatively, the General Partner may elect to purchase the Interest of the Investor Limited Partner at a price equal to the amount the Investor Limited Partner would receive if the Project were sold for the Purchase Price and the Partnership were thereafter liquidated in accordance with the terms of this Agreement and liquidating distributions were made in accordance with the provisions of Section 7.05(d) and 12.02(b). The options granted under this clause (a) shall terminate if the General Partner has been removed or is in default beyond all applicable grace and cure periods under this Agreement. Notwithstanding the foregoing, all options, rights of first refusal and other rights to purchase the Project granted in this Agreement shall be automatically subject and subordinate to the liens of all existing and future documents evidencing or securing the Tax-Exempt Loan, as such documents may be amended, modified, supplemented or extended from time to time.

(b) The General Partner hereby grants to the Investor Limited Partner an option (the “Put”) to sell its Interest to the General Partner upon the terms and conditions hereinafter set forth. The Put may be exercised at any time during the period commencing on the one year anniversary of the day after the last day of the Compliance Period (the “Put Commencement Date”), and ending 24 months after the Put Commencement Date (the “Put Option Period”). If, at any time during the Put Option Period, the Investor Limited Partner elects to sell its Interest pursuant to the provisions of this Section 8.17, the Investor Limited Partner shall give the General Partner notice of such election (an “Election Notice”), which shall include the Investor Limited Partner’s determination of the Tax Amount (defined below). Within 120 days after delivery to the General Partner of an Election Notice from the Investor Limited Partner, the General Partner shall pay to the Investor Limited Partner a purchase price in immediately available funds in an amount equal to $10,000.00. The General Partner and the Investor Limited Partner shall execute and deliver such documents, assignments, instruments and other items reasonably acceptable to the General Partner and the Investor Limited Partner, and shall take such other action, as shall be reasonably necessary to transfer and assign the Investor Limited Partner’s Interest to the General Partner; provided, however, that the Investor Limited Partner shall not be required to make any
representations or warranties relating to the Investor Limited Partner’s Interest other than that the Investor Limited Partner’s title to the Interest is good and unencumbered and that the Investor Limited Partner has the authority to sell it pursuant to this Agreement.

(c) Notwithstanding the foregoing, at any time after the 17th anniversary of the first day of the first taxable year of the applicable Compliance Period (or at such earlier time described in (b) above), if the General Partner has not exercised the option under (a) above or the Investor Limited Partner has not exercised its right under (b) above, then the Investor Limited Partner may request that the Partnership do one of the following, unless prohibited by the Project Documents: (i) sell the Project subject to the Extended Use Agreement (a “Continued Compliance Sale”); or (ii) request that the Agency arrange for the sale of the Project after submission of a “Qualified Contract” (as defined in Section 42(h)(6)(F) of the Code) (a “Compliance Termination Sale”).

(i) After receipt of a request for a Continued Compliance Sale, the General Partner shall use its best efforts to find a third party purchaser for the Project and to cause the Partnership to consummate a sale of the Project subject to the Extended Use Agreement and on terms Consented to by the Investor Limited Partner, which terms shall include a purchase price at least equal to the minimum price established in accordance with Section 42(i)(7) of the Code plus any outstanding amounts owed to the Investor Limited Partner pursuant to this Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Limited Partner within six (6) months, the Investor Limited Partner shall have the right thereafter to locate a purchaser for the Project. If the Investor Limited Partner locates such a purchaser, the General Partner shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser; if such right of first refusal is not exercised by the General Partner within sixty (60) days, then the General Partner shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Partnership as the best offer, if any, located by the General Partner; provided that the General Partner shall not be required to incur any third-party, out-of-pocket expenses to effectuate such sale. The right of first refusal granted under this subsection (i) shall terminate if the General Partner has been removed or is in default under this Agreement.

(ii) After receipt of a request for a Compliance Termination Sale, the General Partner shall make a request to the Agency to obtain a buyer who is willing to operate the Low-Income Units of the Project as a qualified low-income building and who will submit a Qualified Contract for the Project, and if no Qualified Contract is submitted within one year of the date of the General Partner’s request to the Agency, the General Partner shall use its best efforts to find a third party purchaser and to cause the Partnership to consummate a sale of the Project to such purchaser on terms Consented to by the Investor Limited Partner, which terms shall include a purchase price at least equal to the minimum price established in accordance with Section 42(i)(7) of the Code plus any outstanding amounts owed to the Investor Limited Partner pursuant to this Agreement, and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Limited Partner within six (6) months, the Investor Limited Partner shall have the right thereafter to locate a purchaser for the Project. If the Investor Limited Partner locates such a purchaser, the General Partner shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser; if such right of first refusal is not exercised by the General Partner within sixty (60) days, then the General Partner shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by
such purchaser are at least as favorable to the Partnership as the best offer, if any, located by the General Partner. If the Investor Limited Partner and the General Partner agree that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the General Partner shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Limited Partner.

(d) Managing General Partner or its Affiliate, so long as it is a qualified non-profit organization within the meaning of Section 42(h)(5)(C) of the Code, shall have a right of first refusal to purchase the Project after the Compliance Period with respect to the Project for a price equal to the sum of (i) the principal amount of outstanding indebtedness secured by the Project (including any amounts payable to the General Partner in respect of the Development Fee pursuant to Sections 7.03 and 7.05 of this Agreement); (ii) an amount sufficient to pay all Federal, State and local taxes attributable to the sale and payable by the Partnership or its Partners; (iii) all expenses of sale; and (iv) any amounts due to the Investor Limited Partner under the Agreement. Such right of first refusal shall be exercisable by Managing General Partner or its Affiliate only (i) after the receipt by the Partnership of a bona fide offer to purchase the Project from a Person not affiliated with the Partners at a price greater than the price at which Managing General Partner or its Affiliate may exercise its right of first refusal, or (ii) if, at the time such right of first refusal is to be exercised, the Partnership and Investor Limited Partner are delivered an opinion of counsel reasonably acceptable to the Investor Limited Partner to the effect that the exercise of such right of first refusal satisfies the requirements of Section 42(i)(7). The rights of first refusal to be granted hereunder are intended to satisfy the requirements of Section 42(i)(7) of the Code and shall be interpreted consistently therewith.

8.18 Partnership Management Fee. The Partnership shall pay the Managing General Partner and Administrative General Partner, an annual partnership management fee equal to $15,000 per annum ($5,000 to the Managing General Partner and $10,000 to the Administrative General Partner), for services rendered in performance of its duties to the Partnership increasing by 3% per annum (the “Partnership Management Fee”). The Partnership Management Fee shall be payable from and to the extent of available Net Cash Flow. The Partnership Management Fee shall accrue to the extent there is insufficient Net Cash Flow to pay such fee in any year. The Partners intend that the Partnership Management Fee be treated as a guaranteed payment pursuant to Section 707(c) of the Code.

8.19 Authority and Duties of Managing General Partner.

(a) The Managing General Partner shall provide regular, continuous and substantial services to the Partnership and shall be the “managing general partner” of the Partnership, as such term is used in Section 214(g) of the CRT, as amended, and as further defined in the Property Tax Rules of the BOE, specifically, Property Tax Rule 140.1(a)(6). The Managing General Partner, within the authority granted to it under this Agreement, shall materially participate in the control, management and direction of the Partnership’s business for the purposes stated in Article III, and shall manage and control the affairs of the Partnership and carry out the purposes of the Partnership. The Managing General Partner directly or indirectly, under its supervision, manages the Partnership. In so doing, the Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Partners and of the Partnership. The Managing General Partner shall devote such of its time as is necessary to the affairs of the Partnership.
(i) Notwithstanding anything to the contrary contained herein, the Managing General Partner shall perform the following substantial management duties (“Substantial Management Duties”) on behalf of the Partnership:

(A) Intentionally omitted;

(B) prepare or cause to be prepared any and all reports to be provided to the Partners and/or Lenders on a monthly, quarterly or annual basis consistent with the requirements of this Agreement;

(C) monitor compliance with all government regulations and file or supervise the filing of all required documents with government agencies;

(D) Intentionally omitted;

(E) participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the limited partnership business.

(ii) The Managing General Partner shall maintain, independently of the records and documents of the Partnership, records and documents evidencing the duties performed by the Managing General Partner (“Management Documents”). Such records and documents may include, but are not limited to:

(A) accounting books and records;

(B) tax returns;

(C) budgets and financial reports;

(D) reports required by Lenders;

(E) documents related to the construction or rehabilitation of the Project;

(F) legal documents such as contracts, deeds, notes, leases, and deeds of trust;

(G) documents related to complying with government regulations and filings;

(H) documents related to property inspections;

(I) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;

(J) reports prepared for the Partners;

(K) bank account records;
audited annual financial statement of the Partnership; and

the Management Agreement.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the General Partners and Investor Limited Partner agree to provide or cause to be provided copies of such documents to the Managing General Partner upon written request from the Managing General Partner. The General Partners and Investor Limited Partner shall have the right upon two (2) business days’ notice, during reasonable business hours, to inspect all records and documents maintained by the Managing General Partner.

(iii) In the event that there is more than one General Partner and this Agreement provides for an action on the part of the General Partners requiring a vote of a majority in interest of the General Partners to effect such action (a “Major Decision”), the General Partners shall each vote on such matter in accordance with their Interests. A General Partner requesting a vote on a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partners shall provide their approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice unless an emergency event shall have occurred in which event the General Partner shall provide such notice as is reasonable under the circumstances.

(iv) The Managing General Partner shall annually conduct a physical inspection of the Project to ensure that the property is being used as low-income housing and meets all of the requirements applicable pursuant to the Property Tax Exemption provided for under Section 214(g) of the CRT, as amended, and as further defined by Property Tax Rule 140.

(v) The Managing General Partner shall submit on an annual basis a certification to the County Assessor for Los Angeles County, certifying that the Project meets all of the requirements set forth in Property Tax Rule 140.

(vi) The Managing General Partner shall obtain and maintain the Property Tax Exemption and Supplemental Clearance Certificate for the Project. Any savings to the Partnership and the Project attributable to the Property Tax Exemption shall be used to maintain the affordability of the units occupied by lower income individuals or otherwise passed on to the low-income tenants at the Project in accordance with all applicable provisions of Section 214(g) of the CRT, as amended.

8.20 **Delegation of Duties.** Notwithstanding anything contained in this Partnership Agreement to the contrary, the Managing General Partner may delegate its Substantial Management Duties only in the event that such a delegation is to persons who, under its supervision, perform such duties for the Partnership. If the Managing General Partner elects to delegate one or more of its Substantial Management Duties, then the Managing General Partner shall demonstrate by maintaining appropriate records and otherwise that it is actually supervising the performance of the delegated duties.
ARTICLE X
WITHDRAWAL OF GENERAL PARTNER; REMOVAL OF GENERAL PARTNER

9.01 Withdrawal of the General Partner.

(a) A General Partner may not withdraw from the Partnership or sell, transfer or assign or permit the sale, transfer or assignment of its Interest, in whole or in part, nor shall any holder of an interest in a General Partner (directly or indirectly) sell, transfer or otherwise dispose of such interest except with the prior Consent of the Investor Limited Partner, and of the Agency and the Lender, if required. Transfers of interests in the General Partner may not be made without the Consent of the Investor Limited Partner which may be given or withheld in the exercise of its sole discretion, except that Consent shall not be unreasonably withheld if (i) such transfer, when aggregated with all prior transfers made since the Initial Closing, represents the transfer of less than 50% of the voting power in the General Partner, and (ii) immediately after such transfer, the Approved Principals, in the aggregate, continue to own more than 50% of the voting power in the General Partner.

(b) In the event that a General Partner withdraws from the Partnership or sells, transfers or assigns its entire Interest in accordance with the provisions of Section 9.01(a), he or it shall be and shall remain liable for all obligations and liabilities incurred by him or it as General Partner before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

9.02 Admission of a Successor or Additional General Partner. A Person shall be admitted as a General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the General Partner or its successor (except pursuant to Sections 5.05 and/or 9.04) and the Investor Limited Partner, and consented to by the Agency, and the Lender, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement, by executing a counterpart thereof, and (ii) all the terms and provisions of the Project Documents, by executing counterparts thereof, if requested by the Lender or the appropriate party thereto and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and an amended Certificate and, if required, an amendment to this Agreement evidencing the admission of such Person as a General Partner shall have been filed and all other actions required in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, partnership, limited liability company, trust or other entity, it shall have provided the Partnership with evidence satisfactory to Counsel for the Partnership of its authority to become a General Partner, to do business in the State and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a partnership for federal income tax purposes.
9.03 **Events of Withdrawal of a General Partner.**

(a) In the event of the Bankruptcy of a General Partner or the withdrawal, death or dissolution of a General Partner or an adjudication that a General Partner is incompetent (which term shall include, but not be limited to, insanity) the business of the Partnership shall be continued by the other General Partner(s); *provided, however,* that if the withdrawn, Bankrupt, deceased, dissolved or incompetent General Partner is then the sole General Partner, or if such General Partner withdraws from the Partnership in contravention of the provisions of Section 9.01(a), then the Partnership shall be dissolved, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence, a majority in Interest of the other Partners elects to designate a successor General Partner and continue the Partnership upon the admission of such successor General Partner to the Partnership.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner, such General Partner shall immediately cease to be a General Partner, shall become a Limited Partner and its Interest shall without further action be converted to that of a Class B Limited Partner; *provided, however,* that if such Bankrupt, dissolved, incompetent or deceased General Partner is the sole remaining General Partner, such General Partner shall cease to be a General Partner only upon the earlier of (i) the removal of such General Partner and the designation of a successor General Partner in accordance with this Agreement, or (ii) the expiration of ninety (90) days after Notice to the Investor Limited Partner of the Bankruptcy, death, dissolution or declaration of incompetence of such General Partner. Except as set forth above, such conversion of a General Partner Interest to a Class B Limited Partner Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the General Partner’s obligations under Section 8.08 herein) of the Bankrupt, deceased, dissolved or incompetent General Partner existing prior to the Bankruptcy, death, dissolution or incompetence of such person as a General Partner (whether or not such rights, obligations or liabilities were known or had matured). A Class B Limited Partner shall have the economic rights of the General Partner but no control or voting or other rights.

(c) If, at the time of the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner, the Bankrupt, deceased, dissolved or incompetent General Partner was not the sole General Partner of the Partnership, the remaining General Partner or General Partners shall immediately (i) give Notice to the Investor Limited Partner of such Bankruptcy, death, dissolution or declaration of incompetence, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved or incompetent General Partner and its having ceased to be a General Partner. Such action or actions by the remaining General Partner or General Partners shall, in the event that permission of a bankruptcy court is necessary, be deemed to have been taken subject to Section 9.03(d) below. The remaining General Partner or General Partners are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Partners and the Partnership and to file such documents as may be required to effectuate the provisions of this Section 9.03.

(d) The Partners, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree that in the event a General Partner should make application for or seek protection or relief under any of the Sections or Chapters of the United States Bankruptcy Code (for purposes of this Section 9.03, the “Bankruptcy Code”), or in the event that any involuntary petition is filed against a General Partner, then, in such event, any other Partners shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code, or otherwise,
on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement, or otherwise. The foregoing shall in no way preclude, restrict or prevent a General Partner from filing for protection under the Bankruptcy Code.

(e) The Partners acknowledge and agree that this Agreement is a contract under which an Investor Limited Partner is excused from accepting performance from a General Partner, its assignee or trustee, in the event that such General Partner makes application for or seeks protection under any of the Sections or Chapters of the Bankruptcy Code, or in the event that an involuntary petition is filed against such General Partner and not dismissed within ninety (90) days. The effect of this paragraph shall be that this Agreement is hereby deemed to be subject to the exceptions to assumption and assignment of contracts set forth in Sections 365(c)(1) and 365(e)(2)(A) of the Bankruptcy Code and that the Investor Limited Partner, by its refusal to consent to an assumption or assignment of this Agreement by a General Partner, shall be able to prevent such assumption or assignment.

(f) In the event that a General Partner makes application for or seeks relief or protection under any of the Sections or Chapters of the Bankruptcy Code, or in the event that any involuntary petition is filed against said General Partner, then, in such event, any other Partner may apply or move to the bankruptcy court in which such petition is filed for a change of venue to the bankruptcy court where the Partnership has its principal place of business, and the General Partner hereby agrees not to oppose or object to such application or motion in any way.


(a) The Investor Limited Partner, so long as it is a Partner, shall have the right to remove a General Partner (i) for any intentional misconduct or failure to exercise reasonable care by such General Partner with respect to any material matter in the discharge of its duties and obligations as General Partner (provided that such violation results in, or is likely to result in, a material detriment to the Investor Limited Partner, the Tax Credit, or the Partnership, or an impairment of the Project or assets of the Partnership), or (ii) upon the occurrence of any of the following:

(i) such General Partner shall have violated any material provisions of the Project Documents or other document required in connection with any Loan or any material requirements of the Lender, and/or Agency applicable to the Project, which violation has not been explicitly waived in writing by the Lender, or the Agency, as applicable, or cured within any applicable cure period;

(ii) such General Partner shall have violated any material provision of this Agreement including, without limitation, any of its guaranty or indemnity obligations pursuant to Sections 5.01(d), 5.05 and/or 8.08, or violated any material provision of applicable law;

(iii) such General Partner shall have violated any provision of this Agreement (other than its guaranty or indemnity obligations pursuant to Sections 5.01(d), 5.05 or 8.08) or shall have violated any material provision of applicable law, which violation has not been explicitly waived by the Investor Limited Partner, or cured within ten (10) days (for a monetary default) or thirty (30) days (for a nonmonetary default) after Notice thereof, and such violation results in, or is likely to result in, a material detriment to the Investor Limited Partner, the Tax Credit, or the Partnership, or an impairment of the Project or assets of the Partnership;
(iv) a default shall have occurred or with the passage of time is likely to occur under the Construction Loan or the Permanent Financing, which default is not cured within any applicable cure period;

(v) such General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would be likely, in the opinion of counsel to the Investor Limited Partner to:

(A) cause the termination of the Partnership for federal income tax purposes; or

(B) cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation;

(vi) the amount of the Housing Tax Credit included in the Actual Credit for any year after the second year of the Credit Period is, or is projected by the Accountants after Tax Credit Allocation to be, less than eighty-five percent (85%) of the Housing Tax Credit included in Certified Credit for that year;

(vii) an event described in Section 5.05(a) has occurred and the Investor Limited Partner exercises its option to remove a General Partner under Section 5.05;

(viii) such an event of Bankruptcy has occurred with respect to such General Partner and/or a Guarantor thereof;

(ix) such General Partner or Guarantor thereof (or any Decision Maker of either) has been convicted by a court of competent jurisdiction of a felony criminal offense or such General Partner or Guarantor thereof has pleaded guilty to such an offense;

(x) such General Partner or an Affiliate thereof has committed fraud with respect to the Partnership or an Affiliate of the Partnership;

(xi) in its capacity as the Partnership Representative, such General Partner has taken any action or failed to take an action, if such action or failure to act is inconsistent with its duties and obligations under Section 13.06 of this Agreement, including, without limitation, a failure by the General Partner to provide notices to the Investor Limited Partner or taking any of the actions described in Section 13.06(a)(v) without the Consent of the Investor Limited Partner;

(xii) such General Partner fails to designate on each federal income tax return filed by the Partnership a qualified person reasonably approved by the Investor Limited Partner as the Partnership Representative as required pursuant to Section 4.02(j) of this Agreement;

(xiii) the Project fails to qualify for the Property Tax Reduction for the Project due to action or inaction by the General Partner (and not due to a Change in Law) and the General Partner is not funding any Operating Deficits caused by the failure to qualify for
the Property Tax Reductions and is not taking all reasonably necessary action to cure or contest the Project’s failure to qualify for the Property Tax Reduction; or

(xiv) such General Partner fails to designate a qualified person specified by the Investor Limited Partner as the Partnership Representative for future tax years or as a replacement Partnership Representative of the Partnership for prior tax years, if required by the Investor Limited Partner to do so pursuant to Section 13.06 of this Agreement.

Notwithstanding anything to the contrary set forth in this Section 9.04(a), if the right of the Investor Limited Partner to remove a General Partner is solely due to a Decision Maker’s conviction or guilty plea under 9.04(a)(ix) above, the Investor Limited Partner shall not have such removal right if, within 3 days of the conviction or guilty plea by the Decision Maker, the General Partner or Guarantor causes such Person to be removed from his or her position as a Decision Maker of such entity.

(b) The Investor Limited Partner shall give Notice to all Partners of its determination that a General Partner shall be removed. If the Investor Limited Partner has determined to remove a defaulting General Partner, such General Partner shall have ten (10) days after receipt of such Notice to cure any monetary default and thirty (30) days to cure any nonmonetary default or other reason for such removal, in which event it shall remain as General Partner. In the case of a nonmonetary default that cannot reasonably be cured within thirty (30) days, the time for cure shall be extended for a maximum of sixty (60) additional days so long as the effort to cure is begun within such initial thirty-day period and pursued diligently thereafter and such default does not place the Project or the Partnership in immediate jeopardy. If, at the end of the applicable cure period, the General Partner has not cured any default or other reason for such removal, the defaulting General Partner shall cease to be a General Partner and the powers and authorities conferred on it as General Partner under this Agreement shall cease and the Interest of such General Partner shall be transferred to a designee of the Investor Limited Partner which, without further action, shall become a General Partner; in such event, upon becoming a General Partner, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents. Notwithstanding the foregoing, if the event giving rise to the determination that a General Partner be removed is as set forth in Sections 9.04(a)(vii), (viii) and/or (ix) above or if foreclosure action against the Project has begun, then there shall be no requirement for Notice and no opportunity to cure any such default. In the event that the Investor Limited Partner has determined to cause itself or its designee to be admitted as General Partner, such admission shall occur on such date as is determined by the Investor Limited Partner, which may be on the date of the Notice to the General Partner (if required) or at any time thereafter.

(c) In the event of removal of a General Partner,

(i) on and after the date of removal, such General Partner shall have no authority to exercise the power of the General Partner under this Agreement or of a manager under the Act and, except as described below, shall not be responsible for the ongoing obligations of the General Partner hereunder, such as the obligations to manage the business of the Partnership, including without limitation the obligations to prepare budgets and reports;

(ii) such General Partner shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner, including but not limited to the obligations and liabilities of the General Partner set forth in Sections 5.01(d), Article VII and Sections 8.08 (including amounts owing under Section 8.08 and attributable to the
period after removal); provided however, that (A) if amounts otherwise payable to the General Partner or Developer (or their respective Affiliates) as fees are applied to meet the obligations of the General Partner as stated in Sections 5.04 and 8.08 of this Agreement (and as further provided for in subsection (iii) below), such application shall serve to reduce any such liabilities of the General Partner or any successor, (B) the General Partner shall not be liable for any loss or damage to the Partnership or the Investor Limited Partner caused by the gross negligence, willful misconduct, breach of a fiduciary duty or breach of the Partnership Agreement by any successor General Partner, and (C) the General Partner shall not be liable to pay the Credit Reduction Adjustment under Section 8.08(c) for loss or recapture of Housing Tax Credit attributable to the Partnership entering into a lease with a tenant after the date of removal that causes the unit occupied by such tenant to no longer qualify as a Low-Income Unit;

(iii) immediately prior to General Partner shall make a Capital Contribution to the Partnership in an amount equal to any unpaid installments of the Development Fee and the Partnership shall thereupon make a payment in an equal amount to pay off such amount of the Development Fee, it being understood and agreed that failure of the General Partner to make such Capital Contribution shall be cause for the Investor Limited Partner to exercise its right to require the General Partner to repurchase the Investor Limited Partner’s Interest under Section 5.05 and to take any other action authorized under this Agreement;

(iv) the Partnership shall not be obligated to repay any Operating Deficit Loans, loans made pursuant to Section 8.08(a)(iii) or Partners Loans made by such General Partner to the Partnership or to pay any accrued but unpaid fees payable to such General Partner or any Affiliate thereof (other than the Development Fee, which shall be paid in accordance with Section 9.04(c)(iii) above;

(v) the Partnership may apply the proceeds of the Development Fee and any other fee payments owed to such General Partner, the Developer or their respective Affiliates to compensate the Partnership and the Investor Limited Partner for damages incurred by the Partnership and the Investor Limited Partner as result of or relating to the events which gave rise to removal of such General Partner and for the reasonable costs and expenses incurred in connection with such removal;

(vi) the remaining or successor General Partner shall cause the Partnership to redeem the removed General Partner’s Interest for One Hundred Dollars ($100), and such removed General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership;

(vii) the General Partner shall indemnify the Investor Limited Partner and the Partnership for any and all costs, damages and legal fees incurred by them (individually or collectively) in connection with the removal of such General Partner under Section 9.04 hereof; and

(viii) the Guarantors shall continue to remain liable under the Unconditional Guaranty, except to the extent specifically provided therein.
(d) Notwithstanding any other provisions in this Agreement, the Administrative General Partner may, with the Consent of the Limited Partner, remove the Managing General Partner for any of the following reasons upon thirty (30) days written notice thereof by the Administrative General Partner; provided, however, that if such breach is of the type that cannot reasonably be cured within thirty (30) days, the Administrative General Partner shall not have the right to remove the Managing General Partner under this Section 9.04(d) with respect to such breach so long as such Managing General Partner is diligently pursuing a cure of such breach at all times and accomplishes such cure within ninety (90) day period:

(i) For any intentional misconduct or negligence by the Managing General Partner with respect to any material matter in the discharge of its duties and obligations as Managing General Partner;

(ii) a Bankruptcy has occurred with respect to the Managing General Partner;

(iii) the sole member of the Managing General Partner has ceased to qualify as an eligible nonprofit corporation under Section 214(g) of the California Revenue and Taxation Code or the Internal Revenue Service has determined that the Managing General Partner is no longer exempt from federal income taxation under Sections 501(c)(3) or (501(c)(4) of the Code;

(iv) the Managing General Partner fails to execute the certifications required by Section 214(g) of the California Revenue and Taxation Code; or

(v) the Managing General Partner shall act in a manner so as to cause the Guarantor to incur any liability under the Guaranty.

A copy of any such notice delivered to the Managing General Partner shall be delivered concurrently to the Limited Partner. Upon such removal, and without further action, the Managing General Partner shall cease to have any rights or obligations under this Agreement. In the event of the removal of the Managing General Partner pursuant to this Section 9.04(f), the Administrative General Partner shall immediately locate a replacement general partner qualified as an eligible nonprofit corporation or limited liability company under Section 214(g) of the California Revenue and Taxation Code and exempt from federal income taxation under Sections 501(c)(3) or 501(c)(4) of the Code. Any such replacement general partner shall be subject to the Consent of the Limited Partner.

ARTICLE X

INVESTOR LIMITED PARTNER TRANSFERS

10.01 Transfer of Investor Limited Partner’s Interest.

(a) Prior to the payment in full of the Investor Limited Partner’s Capital Contribution, the Investor Limited Partner may at any time and without the Consent of any other Partner, transfer, sell, assign or pledge its Interest to an Affiliate, and may with the Consent of the Administrative General Partner, which Consent shall not be unreasonably withheld, conditioned or delayed, transfer to any third party. After the making of the Investor Limited Partner’s final Capital Contribution, the Investor
Limited Partner may without the Consent of any other Partner transfer, sell, assign or pledge its Interest to any Affiliate or third party. The Investor Limited Partner or its assignee shall give Notice of such transfer, sale or assignment to the General Partner prior to or within a reasonable time after such transfer, sale or assignment (but no such Notice shall be required in the case of a pledge or collateral assignment by the Investor Limited Partner of its Interest).

(b) The General Partner shall promptly cooperate with any reasonable request by the Investor Limited Partner in connection with the transfer, sale, assignment or pledge of its Interest, including the payment of any transfer taxes due in connection with such a transfer (in all cases but the first transfer of the Interest that results in a transfer tax liability, from funds provided by the Investor Limited Partner or its assignee), and by executing and delivering any certificates, documents or instruments, and causing to be delivered such opinions, in each case for the benefit of the transferee, purchaser, assignee or pledgee of such Interest, as the General Partner is required to deliver or cause to be delivered as a condition of the making by the Investor Limited Partner of any Capital Contribution pursuant to Section 5.01(c), and by entering into any amendments to this Agreement or the exhibits hereto that such transferee, purchaser, assignee or pledgee may reasonably request provided that the same do not reduce or change the timing of, or the obligation of the Investor Limited Partner to make, Capital Contributions, increase the obligations or restrict the authority of the General Partner, or otherwise materially adversely affect the essential economic or other interests of the Partners hereunder.

(c) Except for any transfer of the Investor Limited Partner’s Interest under Section 5.05, the Investor Limited Partner whose Interest is being transferred shall pay such third party, out-of-pocket, reasonable expenses, including legal fees and costs and accounting costs (as the latter relates to any termination of the Partnership for federal income tax purposes under Section 708(b)(1)(B) of the Code), as may be incurred by the Partnership and the General Partner in connection with such transfer.

(d) Nothing in this Agreement shall limit the authority of an Investor Limited Partner which is an entity to cause or permit the sale, transfer and/or assignment of equity interests within itself, in the sole discretion of that Investor Limited Partner, and no such sale, transfer or assignment shall be deemed to constitute a transfer of the Interest of such Investor Limited Partner for any purpose hereof; provided, however that the Investor Limited Partner shall be obligated to pay reasonable accounting costs incurred by the Partnership in the event of a termination of the Partnership for federal income tax purposes under Section 708(b)(1)(B) of the Code as a result of such sale, transfer or assignment.

10.02 Rights of Assignee of Interest.

(a) Except as otherwise provided in Section 10.03, an assignment of an Investor Limited Partner’s Interest or a portion thereof shall not entitle the assignee to become a partner of the Partnership, and the assignee shall only be entitled to receive, in accordance with any agreement that it may have with the Investor Limited Partner, all or a portion of the Profits, Losses, items of income, gain, expense, loss or credit, and distributions of the Partnership otherwise allocable to the Investor Limited Partner in respect of such Interest or portion thereof, and the assignee shall not have any other rights of a Partner of the Partnership, under this Agreement or otherwise. For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, an assignment of the Investor Limited Partner’s Interest shall be effective as of the effective date set forth in the instrument of assignment; provided, however, that neither the Partnership nor the General Partner shall have any liability for any distribution made to the assignor after the effective date of the assignment but prior to receipt by the General Partner of a fully executed copy of the instrument of assignment.
Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Investor Limited Partner of its Interest until the Partnership has received actual Notice thereof.

Any Person who is the assignee of all or any portion of an Investor Limited Partner’s Interest, but does not become a Substitute Limited Partner and desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article X to the same extent and in the same manner as any Investor Limited Partner desiring to make an assignment of its Interest.

10.03 Admission of Substitute Investor Limited Partner.

(a) Subject to the other provisions of this Article X, an assignee of the Interest of an Investor Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Limited Partner of the Partnership only upon the satisfactory completion of the following:

(i) any Consent of the General Partner required pursuant to this Section 10.03 and any Consent of the Lender and/or the Agency that is required pursuant to the Loan Documents or applicable law shall have been given; any required Consent of the General Partner may be evidenced by the execution by the General Partner of an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Limited Partner pursuant to the requirements of the Act;

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the General Partner may reasonably require in order to effect the admission of such Person as an Investor Limited Partner;

(iii) an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Limited Partner shall have been filed for recording pursuant to the requirements to the Act, if necessary; and

(iv) if the assignee is not a natural person, the assignee shall have provided the General Partner with evidence satisfactory to Counsel for the Partnership of its authority to become an Investor Limited Partner under the terms and provisions of this Agreement.

(b) Prior to the first to occur of (i) the making by the Investor Limited Partner of its final Capital Contribution pursuant to Section 5.01(c) or (ii) any event or occurrence described in Section 5.05(a) or Section 9.04 (the period prior to the first to occur of the events described in such two clauses, the “Restricted Period”), no assignee of the Interest of the Investor Limited Partner shall be admitted as a Substitute Limited Partner unless either (i) the assignee is an Affiliate of the Investor Limited Partner, or (ii) the General Partner, in its reasonable discretion, shall have Consented thereto, and the Lender, if required, also shall have consented thereto.

(c) After the Restricted Period, the Investor Limited Partner may at any time and without the Consent of any other Partners (but subject, if applicable, to obtaining any required Consent of
the Lender) authorize its assignee to be admitted to the Partnership as the Substitute Limited Partner in its place and stead.

(d) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as an Investor Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Limited Partner of the conditions contained in this Article X to the admission of such Person as an Investor Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Limited Partner.

10.04 Withdrawal of the Investor Limited Partner. The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership at any time following the end of the Compliance Period, to withdraw from the Partnership, whereupon the Investor Limited Partner shall cease to be a Partner, shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners and shall forfeit any balance in its Capital Account. Upon the withdrawal of the Investor Limited Partner from the Partnership (other than in connection with the transfer or sale as set forth in Section 10.01(a)), the Investor Limited Partner shall provide the Partnership with the Affidavit of Non-Foreign Status substantially in the form attached hereto as Exhibit J-2.

ARTICLE XI

RIGHTS AND OBLIGATIONS OF THE INVESTOR LIMITED PARTNER

11.01 Management of the Partnership. No Investor Limited Partner shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Investor Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No Investor Limited Partner shall have any power or authority with respect to the Partnership except insofar as the Consent of any Investor Limited Partner shall be expressly required and except as otherwise expressly provided in this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed to limit any right, power or authority of the Investor Limited Partner set forth herein.

11.02 Limitation on Liability of Investor Limited Partner. The liability of each Investor Limited Partner shall be limited to its Capital Contribution as and when payable under the provisions of this Agreement, and as provided under the Act. No Investor Limited Partner shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall any Investor Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. No Investor Limited Partner shall be obligated to make loans to the Partnership.

11.03 Other Activities. Any Investor Limited Partner and any Affiliate thereof and an Affiliate of the General Partner may engage in or possess interests in other business ventures of every kind and description for its own account, including without limitation, serving as a partner or member of other partnerships or companies which own, either directly or through interests in other partnerships or companies, government-assisted housing projects similar to the Project. Neither the Partnership nor any
of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to
the income or profits derived therefrom.

11.04 Loans to the Partnership by Investor Limited Partner. In the event that the Investor Limited Partner reasonably determines that additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, the Investor Limited Partner may loan the Partnership such funds as are needed, subject to the approval of any Lender, if so required. Such loans shall (i) bear a per annum rate of interest equal to Prime plus 100 basis points (1 percentage point), (ii) shall not be secured by any mortgage or other encumbrance on the property of the Partnership, (iii) shall be payable solely from the assets of the Partnership, including without limitation, the proceeds of any claim against the General Partner under this Agreement such as claims for capital contributions, payments under the Completion Guaranty or Operating Deficit Guaranty and indemnifications (but shall not be recourse to any Partner and shall not increase the amount of any liability of any Partner to the Partnership or the Investor Limited Partner hereunder); provided, however, that any amount of such loan that is outstanding at the time of the acquisition of the Investor Limited Partner’s Interest pursuant to Section 5.05 shall be immediately repaid from a capital contribution made by the General Partner at that time for such purpose, and (iv) shall be repaid prior to its stated maturity date as a Partner Loan to the extent funds are available as set forth in the definition of Net Cash Flow in Article II, or with respect to any amount of any such loan that is outstanding at the time of the occurrence of any of the events described in Sections 7.05 or 12.01, as provided in Section 7.05. The Investor Limited Partner shall not have a right to make loans pursuant to this Section 11.04 if the funds required by the Partnership are actually provided by the Construction Loan, Permanent Financing, or amounts paid under the Completion Guaranty or the Operating Deficit Guaranty; however, the right of the Investor Limited Partner to make Partner Loans shall be superior to the right of the General Partner to make or obtain loans under Section 8.12.

ARTICLE XII
SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Partnership. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 9.03, unless a majority in Interest of the other Partners, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence elects to designate a successor General Partner(s) and continue the Partnership upon the admission of such successor General Partner(s) to the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership;

(c) the election by the General Partner, with the consent of a majority in interest of the other Partners; or

(d) any other event causing the dissolution of the Partnership under the laws of the State unless a majority in Interest of the Partners within ninety (90) days after receiving Notice of such event elects to continue the Partnership.
12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 12.01, (i) a Certificate of Cancellation shall be filed in such offices within the State as may be required or appropriate, and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 7.05.

(b) It is the intent of the Partners that, upon liquidation of the Partnership, any liquidation proceeds available for distribution to the Partners be distributed in accordance with positive Capital Account balances, and the Partners believe that distributions under Section 7.05 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners’ respective Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 7.05, the Liquidator shall, notwithstanding the provisions of Sections 7.02 and 7.04, allocate the Partnership’s gains, profits and losses in a manner that will cause, as nearly as possible, the Capital Accounts balances of the Partners to be in the ratios that would allow the distribution of liquidation proceeds to the Partners to be in accordance with Section 7.05. Nevertheless, in any event, distributions in liquidation (after taking into account all pre-liquidation distributions made pursuant to Section 7.04 or 7.05) shall be made in accordance with positive Capital Account balances no later than the end of the taxable year of such liquidation or, if later, within ninety (90) days of such liquidation.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership’s property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

(d) Upon the dissolution of the Partnership pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

12.03 Obligation of Partners to Restore Deficit. In the event that the Partnership is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), if the General Partner’s Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make Capital Contributions in the amount of such deficit in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(3). Similarly, in the event the Partnership is so liquidated, if a Special Limited Partner whose Interest was converted from that of a General Partner has a deficit balance (after giving effect to all contributions, distributions and allocations), then such Special Limited Partner shall make Capital Contributions in the amount of such deficit in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(3). In the case where the Investor Limited Partner has made an election under Section 7.08 to be obligated to restore a limited deficit balance, then, in the event
that the Partnership is so liquidated, if the Investor Limited Partner’s Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Investor Limited Partner shall make Capital Contributions in the amount equal to the lesser of (i) such deficit, or (ii) the limited amount the Investor Limited Partner is obligated to restore pursuant to the notice given under Section 7.08. In all other cases, no Limited Partner shall have any obligation to restore any deficit balance in its Capital Account.

**ARTICLE XIII**

**BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.**

13.01 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with sound federal income tax accounting principles. These and all other records of the Partnership, including tenant files and information relating to the status of the Project and information with respect to the sale by the General Partner or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or its duly authorized representative, at any and all reasonable times. Any Partner, or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Partners.

13.02 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

13.03 Accountants. The Accountants shall annually prepare for execution by the General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with GAAP, a balance sheet, a profit and loss statement, and a cash flow statement. A full detailed statement shall be furnished to all Partners, showing such assets, properties, and net worth and the profits and losses of the Partnership for the preceding fiscal year. All Partners shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Partnership. Notwithstanding anything to the contrary contained herein, the Investor Limited Partner shall have the discretion to dismiss the Accountants for cause if such Accountant fails to provide, or untimely provides, or inaccurately provides, the information required in this Agreement.

13.04 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or a Limited Partner, the Partnership shall elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the sole opinion of the Investor Limited Partner, such election would be most advantageous to the Investor Limited Partner. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

13.05 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the calendar year. All Partnership accounts shall be determined on the accrual basis.

13.06 Partnership Audit Procedures.
(a) Partnership Representative.

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the Administrative General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code for the purposes of the Centralized Partnership Audit Regime (the “Partnership Representative”). The Partnership Representative shall timely designate an officer of an Affiliate of the Administrative General Partner, or such other person with the Consent of the Investor Limited Partner, to serve as the sole individual through whom the Partnership Representative will act for purposes of the Centralized Partnership Audit Regime (the “Designated Individual”). The Investor Limited Partner hereby approves any of the Approved Principals to act as the Designated Individual at any time the General Partner is acting as the Partnership Representative. The Partnership Representative will keep the Partners informed as to the identity of the Designated Individual. The Partnership Representative will fully inform the Designated Individual that he or she is the individual through whom the Partnership Representative acts, that the Designated Individual has no authority to take any action with respect to the Fund except on behalf of the Partnership Representative, and, accordingly, that all acts taken by the Designated Individual on behalf of the Partnership Representative are subject to the obligations and restrictions on the authority of the Partnership Representative under this Section 13.06. The Partnership Representative will be responsible for the actions of the Designated Individual and will ensure that the Designated Individual acts, at all times, within the requirements of, and in a manner consistent with, this Section 13.06.

(ii) Resignation; Revocation. The Partnership shall revoke the designation of the Administrative General Partner as the Partnership Representative for all taxable years during which such designation was in effect by written notice to the Partnership Representative and the IRS: (A) upon withdrawal or removal of the Administrative General Partner for any reason, (B) upon request of the Investor Limited Partner at any time from and after any event or occurrence described in Section 5.05(a) or 9.04(a) taking into account any applicable notice and cure periods, or (C) upon request of the Investor Limited Partner in the event of a default by the Partnership Representative (directly or through the Designated Individual) of its duties and obligations under this Section 13.06, provided that, if the Investor Limited Partner determines in its reasonable discretion that such default is immaterial and is of a nature that it can be cured, then the Investor Limited Partner may allow, subject to its reasonable discretion, a cure of such default. The designation of the Designated Individual as the Designated Individual shall automatically terminate on the effective date of the resignation or revocation of the applicable entity as Partnership Representative. If a Designated Individual becomes unable to perform the tasks required of a Designated Individual or the Partnership Representative otherwise determines that such individual should be removed as the Designated Individual, the Partnership Representative shall promptly notify the Investor Limited Partner of such determination and take all necessary actions to effectuate the resignation of such individual as Designated Individual for all applicable taxable years. Notice of any revocation of a Partnership Representative or Designated Individual shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Partnership Representative (with the Consent of the Investor Limited Partner, unless such designation is of an Approved Principal) as the successor Designated Individual. The resigning or removed Partnership Representative or
Designated Individual shall remain obligated hereunder in such capacity until the replacement is acknowledged by the IRS. The General Partner hereby constitutes and appoints the Investor Limited Partner, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 13.06(a)(ii) and take any action which the Investor Limited Partner may deem necessary or appropriate in connection herewith and may be exercised by the Investor Limited Partner at any time the General Partner has failed to take any actions required under this Section 13.06 or is otherwise subject to removal as the Partnership Representative, provided that, if the Investor Limited Partner determines in its reasonable discretion that such default is immaterial and is of a nature that it can be cured, then the Investor Limited Partner may allow, subject to its reasonable discretion, a cure of such default. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the General Partner as the Partnership Representative.

(iii) **Successor Partnership Representative.** Any successor Partnership Representative or Designated Individual must satisfy all statutory and regulatory requirements imposed by the Centralized Partnership Audit Regime and must agree in writing to be bound by the terms of this Section 13.06.

(iv) **Notice of Communications; Cooperation.** The Partnership Representative shall: (A) promptly provide the Affected Partners a copy of any written notice of any inquiry, notice, or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Partnership or the Partners and promptly advise the Affected Partners of the form and substance of any material oral communications with the IRS or other applicable tax authority, (B) consult with the Affected Partners in good faith on the strategy and substance of any tax audit or contest, and (C) shall, to the extent possible, give the Affected Partners prior notice of and a reasonable opportunity to review and comment upon any written or oral communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit or other inquiry involving the Partnership and the nature and content of all actions to be taken and defenses to be raised by the Partnership in response to any tax audit or contest (including without limitation the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise). Without limiting the generality of the foregoing, the Partnership immediately shall send to all Affected Partners copies of any notice of commencement of an administrative proceeding, any notice of a Proposed Partnership Adjustment, or any notice of a Final Partnership Adjustment received by the Partnership or the Partnership Representative from the IRS. To the extent requested by the Affected Partner and permitted under Treasury Regulations or by the IRS or other taxing authority in a particular tax audit or contest, the Partnership Representative shall cooperate in allowing the Affected Partner or its representative to participate, at its own expense, in such tax audit or contest.

(v) **Duties and Limitations on Authority.** The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Partnership and its Partners in all dealings with the IRS and
state and local taxing authorities. If the Partnership receives notice of a Final Partnership Adjustment from the IRS, the Partnership Representative shall promptly so notify the Affected Partners, and if requested to do so by the Investor Limited Partner, (X) the Partnership Representative shall file a petition for readjustment within the time frame required by Treasury Regulations or IRS guidance, and/or (Y) the Partnership Representative and the General Partner shall cause the Partnership to seek any and all available judicial review of such Final Partnership Adjustment as is available under applicable law. Notwithstanding the foregoing, except as specifically provided in Section 13.06(b) below, the Partnership Representative shall not, without the Consent of the Investor Limited Partner (and, in the case of (C), (D) and (E) below, the Reviewed Year Partner), which in the case of (C), (D) and (F) below shall not be unreasonably withheld conditioned or delayed, have any power or authority to do any or all of the following:

(A) make an election to opt out of the application of the Centralized Partnership Audit Regime to the Partnership;

(B) subject to Section 13.06(b)(iii) below make a Push-Out Election, or request a modification to an Imputed Underpayment;

(C) file an Administrative Adjustment Request;

(D) make a determination to contest or not contest a Partnership tax dispute in a judicial forum or select the judicial forum for the litigation of any Partnership tax dispute;

(E) extend the statute of limitations for the Partnership; or,

(F) take any other action (or fail to take any action) that would have the effect of finally determining any tax audit or contest.

(vi) Fiduciary Relationship. The Partnership Representative, in performing its duties hereunder, shall have the same fiduciary duties to the Partnership and the Affected Partners as does the General Partner. The Designated Individual is the agent of the Partnership Representative and as such shall have no direct liability to the Partnership or its Partners; and the Partnership Representative is fully responsible for the Designated Individual’s performance of its duties hereunder.

(vii) No Compensation; Indemnification. Neither the Partnership Representative or the Designated Individual shall receive any compensation for performing its services pursuant to this Section 13.06, but, to the extent of available funds, the Partnership shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including accountants’ and attorneys’ fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Partner or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership Representative of the Partnership, provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct.
which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Investor Limited Partner and within the scope of its authority under this Section 13.06.

(b) **Modifications and Partnership Elections.**

(i) **Modifications to Imputed Underpayment.** If requested to do so by the Investor Limited Partner, the General Partner shall request modification of an Imputed Underpayment in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. With any such request, the Investor Limited Partner shall describe the modifications or adjustment factors that the Investor Limited Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification and timely provide all required supporting documents or information.

(ii) **Amended Returns.** No Affected Partner shall be required to file an amended return or similar statement. If requested to do by an Affected Partner, the Partnership Representative shall request a modification of an Imputed Underpayment based on an amended return (or, to the extent permitted by law, any similar statement, including a statement filed pursuant to the alternative procedure set forth in Section 6225(c)(2)(B) of the Code) filed by such Affected Partner (or its owners) that takes account of all of the partnership adjustments properly allocable to such Affected Partner (or its owners). Any such request shall be accompanied by an affidavit from the requesting Affected Partner that each required amended return (or similar statement) has been filed and all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years have been paid, as required by any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS.

(iii) **Push-Out Election.** In the case of a Partnership Adjustment resulting in an Imputed Underpayment, the Reviewed Year Partner may, at its option, either: (A) direct that the Partnership Representative make an election (a “Push-Out Election”) under Section 6226 of the Code with respect to the Imputed Underpayment, in which case the Partnership Representative shall timely make and implement such election, or (B) provide the Partnership with an agreement and assurance reasonably satisfactory to the General Partner that it will make a capital contribution (or in the case of a Former Partner, a payment) to the Partnership in an amount equal to its Tax Share. If the Reviewed Year Partner fails to timely elect whether to make a Push-Out Election after notice from the General Partner, or does not meet the requirements of clause (B) hereof, the General Partner may make a Push-Out Election without the Consent of the Reviewed Year Partner. If the Investor Limited Partner is not the Reviewed Year Partner and the Reviewed Year Partner does not meet the requirements of clause (B) hereof, the Investor Limited Partner may direct the General Partner to make the Push-Out Election for the Reviewed Year.

(iv) **Partnership Adjustments.** Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS. The allocable share of the
Partnership Adjustments of the Reviewed Year Partner shall be determined by the Accountants, subject to the reasonable Consent of the Reviewed Year Partner.

(v) **Tax Share.** Tax Share means, with respect to any Affected Partner, its allocable share of the Imputed Underpayment (including interest and penalties) as determined by the Accountants, subject to the reasonable Consent of the Affected Partner; provided, however, that if and to the extent that the Partnership’s liability results from a loss, disallowance or recapture of Tax Credits for which a payment is owed by the General Partner under Section 8.08(c), the Affected Partner’s Tax Share shall be reduced by such amount, and the General Partner’s Tax Share shall be increased by such amount.

In the event that the Partnership owes an Imputed Underpayment (i.e., no Push-Out Election is made), the General Partner shall be unconditionally obligated to contribute capital to the Partnership in the amount of its Tax Share. If the General Partner pays its Tax Share to the Partnership, it will be deemed to have satisfied its obligations under Section 8.08(c) with respect to, and to the extent of, any loss, disallowance or recapture of Tax Credits that was included in determining its Tax Share (i.e., the Investor Limited Partner shall not be entitled to any recovery under Section 8.08(c) that would be duplicative of the payment by the General Partner under this Section 13.06(b)(v)).

(c) **Related Tax Items.**

(i) **Tax Counsel or Accountants.** The Partnership Representative, with the reasonable Consent of the Investor Limited Partner, shall employ experienced tax counsel and/or accountants to represent the Partnership in connection with any audit or investigation of the Partnership by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Partnership; it shall be the responsibility of the Partners, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

(ii) **Survival.** The rights and obligations of each Partner or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Partner of its Partnership Interest and the termination of this Agreement or the dissolution of the Partnership.

(iii) **Amendments.** Upon the promulgation of revised Treasury Regulations implementing the Centralized Partnership Audit Regime or upon further amendment of the Centralized Partnership Audit Regime, the Partners will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 13.06, while conforming to the applicable provisions of the Centralized Partnership Audit Regime. The Partners agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations on authority of the Partnership Representative.

(iv) **State and Local Income Tax Matters.** The provisions of this Section 13.06 shall also apply to state and local income tax matters affecting the Partnership to the extent the terms and conditions hereof have any application to audit procedures at the state and local level.
ARTICLE XIV
REPORTS

14.01  Tax Returns and Related Reports - Due April 1.

(a) The Partnership's federal income tax returns shall be prepared by the Accountants. No later than March 1 of each year, the General Partner shall furnish the Limited Partners with drafts of the federal income tax return, and no later than April 1 of each year, the General Partner shall furnish the Limited Partners with copies of the completed federal income tax return, including a copy of each Limited Partner's Form K-1, the qualifying occupancy summary, and such supporting schedules as may be reasonably requested by the Limited Partner. The General Partner shall not file any such tax returns until the Investor Limited Partner has advised it that it has reviewed the returns and does not object to the filing of the returns, which review the Investor Limited Partner shall complete not less than ten (10) days before the due date of the returns. The General Partner shall be solely responsible for the truthfulness and accuracy of all information included in tax returns notwithstanding any review of said tax returns by the Investor Limited Partner.

(b) The Partnership is required to make a one-time filing of Forms 8609 at the Philadelphia Campus of the Internal Revenue Service prior to the due date of the first Form 1065 of the Partnership on which it claims the Housing Tax Credit.

(i) Within sixty (60) days after completion of Construction and prior to its submission to the State Agency, the Partnership shall submit to the Investor Limited Partner a copy of the completed cost certification ("Cost Certification") prepared by the Accountants showing the costs incurred with respect to the Construction of the Project, together with any application for Forms 8609 and/or State Agency Cost Certifications to be submitted to the State Agency or to any other government agency. The General Partner shall not file the application for Forms 8609 and/or the Cost Certification until the Investor Limited Partner has advised them that it has reviewed the proposed submission and does not object to its filing, which review the Investor Limited Partner shall complete not less than fifteen (15) days before the due date of the filing.

(ii) As soon as they are available, but in all events prior to the filing of the Forms 8609, the General Partner shall provide to the Investor Limited Partner fully completed (as to both Parts I and II) and executed (by both the State Agency and the Partnership) copies of the Forms 8609 for all of the buildings in the Project. Part II of the executed Forms 8609 shall elect the Average Income Set-Aside Test as the Minimum Set-Aside Test. The General Partner shall not file the Forms 8609 until the Investor Limited Partner has advised them that it has reviewed the forms and does not object to the filing of the forms, which review the Investor Limited Partner shall complete not less than ten (10) days before the due date of the filing.

(iii) The General Partner shall be solely responsible for the truthfulness and accuracy of all information included in the Forms 8609 notwithstanding any review of said forms by the Investor Limited Partner. The General Partner shall provide evidence reasonably acceptable to the Investor Limited Partner that the Forms 8609 have been properly and timely filed at the Philadelphia Campus of the Internal Revenue Service.
14.02  **Annual Financial Statements - Due March 1.**

On or before March 1 of each year, the General Partner shall send to the Investor Limited Partner all of the following with respect to the preceding calendar year, in a form reasonably acceptable to the Investor Limited Partner:

(a) A balance sheet as of the end of the Partnership's fiscal year and statements of operations, Partner's capital (showing separately the capital of the General Partner and each Limited Partner, and showing as separate line items the Partnership's assets that are depreciable over three (3), five (5), seven (7), fifteen (15), twenty seven and one-half (27.5) and forty (40) years), and a statement of cash flows and a statement of Cash From Operations, all for the year then ended, all of which shall be audited and prepared according to GAAP and accompanied by the Accountants' report thereon. Notwithstanding depreciation methods used for tax purposes, the financial statements of the Partnership shall reflect, and the Accountants’ report shall state, that the Project is being depreciated for book purposes over a forty (40) year useful life with respect to real property and over the longest useful life that is consistent with GAAP with respect to personal property, unless otherwise requested by the Investor Limited Partner. The financial statements of the Partnership shall also reflect that, in accordance with Section 7.02(i), amounts paid to the General Partner as incentive management fees shall be treated as deductible to the Partnership or gross income allocable to the General Partner.

(b) Beginning with respect to the year following the achievement of Qualified Occupancy and with respect to each year thereafter, the Accountants, or a third party compliance auditor approved by the Investor Limited Partner, shall provide a separate report on agreed upon procedures for the purposes of verifying that the Project meets IRS compliance rules regarding income certification. The report shall state that they have chosen at random 20% of the project’s tenant files and performed all of the following agreed upon procedures:

   (i) Reviewed the terms of the lease and confirm it is in compliance with Section 42 of the Code and the Treasury Regulations promulgated thereunder;

   (ii) Confirm income and asset verification forms are in the tenant file;

   (iii) Confirm correct calculation of move-in income and confirm documentation supporting the calculation is in the file;

   (iv) Where required, confirm proper annual re-certification of income documentation is in the file;

   (v) Confirm proper documentation of student status; and

   (vi) Confirm that the rents charged do not exceed limits applicable under Section 42 of the Code and the Treasury Regulations promulgated thereunder.

(c) Copies of the Partnership's insurance certificates with endorsements naming the Investor Limited Partner as a person to be given notice of cancellation or premium due.

14.03  **Annual Business Report Due January 31.**
On or before each January 31, the General Partner shall prepare and deliver to the Investor Limited Partner a report, in a form provided by the Investor Limited Partner on or about December 1 of the preceding year and in substance reasonably satisfactory to the Investor Limited Partner, addressing such aspects of the business of the Partnership that may reasonably be considered of a material nature. Such reports shall include, but not necessarily be limited to:

(a) Copies of any reports relating to the Project submitted by the State Agency to the Internal Revenue Service, the Partnership or the General Partner within the previous twelve months.

(b) A certification by the General Partner that (A) all Construction Loan and/or Permanent Financing, as applicable, payments and taxes and insurance payments with respect to the Project are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Project or, if any such notice of any violation has been received, a description thereof.

(c) a descriptive statement of all transactions during the fiscal year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments).

(d) the occupancy levels of the Project during the preceding fiscal year.

(e) maintenance performed or required to be performed and the sources of funds therefor.

(f) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such deficits will be funded and the actions being taken or proposed by the General Partner to correct any operating difficulties being experienced by the Partnership.

(g) A certification from the General Partner that the General Partner and the Partnership are each qualified as a corporation, limited liability company, or limited partnership (as applicable) in the jurisdiction in which it was formed (and is duly qualified in the jurisdiction where the Project is located if not formed in such jurisdiction) and that, as of the date of such certification, each has filed all required annual reports, paid all fees, and paid all franchise taxes due on or prior to the date hereof in such jurisdictions. Evidence of the good standing of the Partnership and the General Partner in such jurisdiction(s) shall be attached thereto.

14.04 Annual Budgets.

In connection with the Completion Capital Contribution and on or before November 1 of each year thereafter, the General Partner shall provide the Investor Limited Partner with (i) an operating budget in form and substance acceptable to the Investor Limited Partner comparing the budgeted income/costs for the following calendar year to the actual income/costs and the budgeted income/costs for the current year, and (ii) a capital expenditures budget in form and substance acceptable to the Investor Limited Partner setting forth the planned capital expenditures to be made in the following calendar year and the source of such expenditures (e.g., operating revenues or draws from the Replacement Reserve). In the event the Investor Limited Partner does not accept any proposed budget submitted hereunder, (i) in the case of the operating budget, the Partnership shall continue to operate under the existing approved
operating budget and (ii) in the case of the capital budget, capital expenditures shall be subject to Investor Limited Partner approval on a case-by-case basis until a new budget is approved by the Investor Limited Partner. The approvals and consents by the Investor Limited Partner hereunder shall not be unreasonably withheld, conditioned or delayed.

14.05 Insurance Reports – Annually.

Upon expiration or cancellation of any insurance policy required to be maintained pursuant to the Guidelines found in Exhibit E to this Agreement, the General Partner shall provide the Investor Limited Partner with evidence of renewal or replacement of such policy together with copies of endorsements naming the Investor Limited Partner as a person to be given not less than thirty (30) days notice of premium due, lapse, expiration, cancellation or non-renewal.

14.06 Quarterly Financial Statements.

Within thirty (30) days after the end of each fiscal quarter, the General Partner shall send to the Investor Limited Partner the following, neither of which need to be audited, but both of which shall be in a form acceptable to the Investor Limited Partner:

(a) An accrual basis balance sheet of the Partnership as of the end of the quarter showing assets and liabilities including working capital and reserve balances; and

(b) A statement of operations of the Partnership on an accrual basis and acceptable to the Investor Limited Partner for the quarter just ended, including without limitation schedules showing aging of accounts payable and accounts receivable.

14.07 Rent Roll and General Partner Certificate.

Within thirty (30) days after the end of each fiscal quarter, the General Partner shall provide the Investor Limited Partner with a rent roll and a certificate in the form attached as Exhibit I hereto. The rent roll should include the following information for all tenants:

Building Number, Unit Number, Number of Bedrooms, Tenant Name or Vacant, Move In Date, Move Out Date (if applicable), Tenant Rent, Gross Rent

If the General Partner is unable to make all of the statements set forth in Exhibit I, he or it shall attach a schedule to the certificate stating which of the statements they are unable to make and describing the actions that are currently being taken to remedy the situation. If the Average Income Set Aside election has been made with respect to the Project, the Administrative General Partner shall provide information reasonably requested by the Investor Limited Partner to evidence compliance with the requirements of the set-aside, including, without limitation, the Addendum to the Certificate in the form attached as Exhibit I hereto.

14.08 Monthly Reports.

The General Partner shall provide within thirty (30) days after the end of each month:
(a) During Construction, copies of all executed AIAs, including Documents G702 and G703, and G701’s for any change orders, even if not requesting funds from the Investor Limited Partner.

(b) From the time that any units have been leased until the Investor Limited Partner has made its Stabilization Capital Contribution:
   
   (i) Accrual-basis unaudited financial statements that display each month individually and a year to date total; and
   
   (ii) Rent roll including the following information for all tenants:

       Building Identification Number (BIN), Number of Occupants, Unit Number, Number of Bedrooms, Tenant Name or Vacant, Move In Date, Move Out Date (If Applicable), Tenant Rent, Net Rent, Current Gross Income, Gross Income at Move-in.

(c) Until the achievement of Qualified Occupancy, Buildings Credit Qualified Report (only required on rehab properties) in the format provided by the Investor Limited Partner.

(d) Until the achievement of Qualified Occupancy, initial tenant files for each unit in the Project, including the following items:

   (i) Tenant Income Certification: Tenant income certification meeting the requirements of Section 42 of the Code (“TIC”) that must be signed and dated by the management representative and all household members over the age of 18.

   (ii) Income Verification: Provide a copy of all the third party income verifications from each file, including but not limited to verification of wages, alimony received, child support received, public assistance, student income, welfare payments and social security payments. Note that all tenants 18 and over must have third party income verifications dated within 120 days prior to the TIC or the tenant must certify that they are receiving no income.

   (iii) Asset Verification: Provide a certified statement from the tenant indicating they have less than $5,000 in assets (only in states where this is permitted by tax credit issuing agency) or a copy of all the third party asset verifications from each file, including but not limited to verification of cash in bank accounts, stocks, bonds, real estate, and lump sum receipts. All third party asset verifications must be dated within 120 days prior to the TIC. Note that all assets with income (savings accounts, CD’s, etc.) must be verified by third party even if they are less than $5,000. Also, please provide a certified statement from the tenant regarding assets disposed of in the 2 years prior to move-in.

   (iv) Student Status Verifications: Provide a copy of the student status certifications from each file indicating any household members that are full time students. Please provide verification of the amounts received for grants and/or scholarships and the cost of tuition for any tenants that are not exempt.
(v) Lease: Provide the following pages from the lease: signature page with both tenant and management signatures and dates, page indicating lease term and page indicating rent amount to be charged.

(vi) Tenant Application: Provide a copy of the signed tenant application from each file.

(vii) Copies of any other documentation required under Treasury Regulations to support the income levels stated on the TIC, and any other supporting information required by the Investor Limited Partner.

14.09 Event Reports.

As soon as practicable, but no later than 15 days after any one of the following events shall have occurred, the General Partner shall send the Investor Limited Partner a detailed report of such event:

(a) there is a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt;

(b) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established;

(c) the General Partner has received any notice of a material fact which may substantially affect future Net Cash Flow;

(d) there occurs an investigated criminal incident at the Project;

(e) any failure of the Partnership to comply with applicable laws or regulations or the receipt of any written allegation of such a failure from any government agency;

(f) receipt of an IRS Form 8823 or any notice of any Internal Revenue Service audit of the Partnership; or

(g) any claim or suit filed against the Partnership or the Project.

14.10 Other Reports.

If requested by the Investor Limited Partner, the General Partner will provide the Investor Limited Partner with copies of any other periodic reports provided by the Partnership to the Lenders and such other reports and information relating to the Partnership, the General Partner or the Guarantors as may reasonably be requested by the Investor Limited Partner.

In particular, in the event that the Project is experiencing operating difficulties (for example, Net Operating Income for any three month period is at less than 115% of the Partnership’s annualized mandatory debt service payments, including without limitation, any Permanent Financing), the Investor
Limited Partner shall be entitled to receive monthly information regarding the Project, including without limitation accrual operating and financial statements and rent rolls.

14.11 Costs of Preparation; Penalties for Late Reports.

The preparation of all Partnership books, records, accounts and reports will be at the expense of the Partnership.

To the extent that any item described in this Article XIV above is not provided within ten (10) days after written notice from the Investor Limited Partner that it is overdue, a per day penalty of $100.00 shall apply for the first 30 days with respect to any late item and the penalty shall be increased to $200.00 per day thereafter. All penalties shall be paid by the General Partner from their own funds and not funds of the Partnership.

To the extent that the reporting requirements set forth in any of the provisions of this Article XIV are not met, the Investor Limited Partner, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of the Investor Limited Partner; provided, however, that if the General Partner and the Investor Limited Partner cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Limited Partner in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

14.12 Asset Management Fee.

The Partnership shall pay an annual Asset Management Fee to Raymond James Tax Credit Funds, Inc. in the amount of $[5,000] per annum which fee shall be paid on December 1 of the year that the first building in the Project is placed in service (pro-rated for such year from such placed-in-service date to December 31) and on June 1st of each year thereafter, which amount shall be increased annually by three percent (3%) of the fee for the prior year. In the event that the Partnership does not have sufficient funds to pay the Asset Management Fee in any year (whether from revenues, the Operating Reserve or funding by the General Partner or Guarantors under the Operating Deficit Guaranty), the unpaid amount shall accrue and shall be payable prior to any future distributions of Net Cash Flow or if not fully paid prior to a Capital Transaction, then from net proceeds of such Capital Transaction pursuant to Section 7.05(c). The General Partner shall ensure that any accrued but unpaid Asset Management Fee will be reflected in the annual audited financial statement.

ARTICLE XV
AMENDMENTS

15.01 Amendment by All Partners

This Agreement may be amended by written agreement of the General Partner and the Investor Limited Partner (and any Special Limited Partner if and to the extent that the rights or obligations of the Special Limited Partner hereunder are affected by such amendment).

15.02 Amendment by Investor Limited Partner Only

This Agreement may also be amended in a writing executed by all Investor Limited Partners (without the Consent or signature of any General Partner or Special Limited Partner) if (i) such
amendment is specifically authorized by the terms of this Agreement (for example, pursuant to Section 7.08), or (ii) the proposed amendment does not affect any obligation or right of the General Partner or Special Limited Partner hereunder and does not reduce any obligation of any Investor Limited Partner. (for example, any amendment to allocate voting rights or allocations among two or more Investor Limited Partners). The other Partners shall immediately be provided a copy of any amendment adopted pursuant to this Section 15.02.

ARTICLE XVI

VOTING AND MEETINGS

16.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Partners and received by the General Partner or the Person entitled to receive such Consent at or prior to the doing of the act or thing for which the Consent is solicited.

16.02 Submissions to Investor Limited Partner. The General Partner shall give the Investor Limited Partner Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and Consent of the Investor Limited Partner. Such Notice shall include any information required by the relevant provision or by law.

16.03 Meetings; Submission of Matter for Voting. Subject to the provisions of Section 10.01, the Investor Limited Partner shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners to the extent authority for such matter is not expressly delegated to the General Partner in this Agreement. The vote of each Partner shall be weighted in accordance with its Percentage Interest and a vote of a majority-in-interest of the Partners shall be binding on the Partnership and the General Partner.

ARTICLE XVII

GENERAL PROVISIONS

17.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

17.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

17.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

17.04 Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement 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 Agreement which are valid.
17.05 **Entire Agreement.** This Agreement, including the exhibits hereto, sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the governance of the Partnership and the conduct of its Partnership business, and there are no representations, promises, agreements or understandings, oral or written, express or implied, with respect to such governance or business among them other than as set forth or incorporated herein.

17.06 **Liability of the Investor Limited Partner.** Notwithstanding anything to contrary contained herein, neither the Investor Limited Partner nor any of its members nor any of its partners, general or limited, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Investor Limited Partner under this Agreement and the recourse of the Partnership and the General Partner shall be strictly limited to the Interest of the Investor Limited Partner. In the event that the Investor Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Investor Limited Partner, shall be against the Interest of the Investor Limited Partner and there shall be no recourse liability to the Investor Limited Partner or any of its members or partners for any deficiency.

17.07 **Notices.** Notices shall be sent to the following addresses or to such new address as may be specified for a Partner pursuant to a Notice given by such Partner to all other Partners:

To the Investor Limited Partner:

Raymond James California Housing Opportunities Fund X
L.L.C.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile No.: 727-567-8455
Attention: Steven J. Kropf, President
17.08 **Power of Attorney.** The Investor Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Partners and the Partnership as shall be legally necessary and sufficient to effect all of the provisions of Sections 5.05 and/or 9.04: *provided, however,* that the Investor Limited Partner shall not exercise such Power of Attorney unless the documents necessary to effect such provisions of Sections 5.05 and/or 9.04 have been submitted to the General Partner prior to exercise. The General Partner shall not grant any other power of attorney without the Consent of the Investor Limited Partner.

17.09 **Remedies Cumulative; No Waiver.** Remedies hereunder shall be cumulative, forbearance in enforcing remedies shall not constitute a waiver of such remedies and waiver by any party for any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

17.10 **Interpretation.** This Agreement has been negotiated at arms length and between parties who are sophisticated and knowledgeable in the subject matter hereof and who have been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law or legal decisions that would require interpretation of any ambiguity in this Agreement against the party that has drafted it shall not apply and are hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effectuate the intent of the parties and the purposes of the Partnership.
17.11 **RAD Provisions.** Notwithstanding any other clause or provision in this Agreement, and so long as the Rental Assistance Demonstration Use Agreement dated as of substantially even date herewith for the Project, as amended from time to time (collectively, the “Use Agreement”) is in effect, the following provisions shall apply:

1. If any of the provisions of this Agreement conflict with the terms of the Use Agreement, the provisions of the Use Agreement shall control.

2. The provisions in this Section 17.11 are required to be inserted into this Agreement by HUD and may not be amended without HUD’s prior written approval. If there is a conflict between any of these HUD-required provisions and any other provision of this Agreement, the terms of these HUD-required provisions will govern. If there is a conflict between any of the provisions in the Certificate and these HUD-required provisions of this Agreement, these HUD-required provisions will govern. If there is a conflict between the Use Agreement or these HUD-required provisions relating to the Rental Assistance Demonstration (“RAD”) and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control. The General Partner may be removed for cause by the Investor Limited Partner or the Special Limited Partner pursuant to Section 9.04 of this Agreement, but only subject to the conditions set forth in section 37 of the “Low Income Housing Tax Credit Provisions” of the Housing Assistance Payment Contract (“HAP Contract”) Low Income Housing Tax Credit Provisions.

3. The Partners acknowledge that provision of rental assistance to the Project depends on the General Partner being a partner in the Partnership and to be controlled by the Housing Authority of the City of Los Angeles. The General Partner may not transfer all or part of its interest in the Partnership without prior written consent of HUD. Failure of the General Partner to be controlled by the Housing Authority of the City of Los Angeles shall be a violation of this Agreement and may cause termination of such rental assistance.

4. Neither the Partnership nor any Partner shall have any authority to:
   
   a. Take any action in violation of the Use Agreement; or
   
   b. Fail to renew the HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Housing Authority of the City of Los Angeles or HUD.

5. Without the consent of the General Partner, neither the Partnership nor any Partner shall have any authority to:

   a. Except to the extent permitted by the HAP Contract or Use Agreement, transfer, convey, assign, mortgage, pledge, sell, lease, sublease or otherwise dispose of, at any time, the Project or any part thereof; or

   b. Amend, renew or terminate the Management Agreement or enter into a new property management agreement.
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Rose Hill Courts I Housing Partners, L.P. as of the date first written above.

**GENERAL PARTNERS:**

Related/Rose Hill Courts I Marketplace Development Co., LLC, a California limited liability company

By: 

Frank Cardone  
Its: President

LOMOD RHC I, LLC, a California limited liability company

By: La Cienega LOMAD, Inc., a California nonprofit public benefit corporation

By: 

Tina Smith-Booth  
Its: President

**WITHDRAWING LIMITED PARTNER:**

The Nicholas Company Inc., a Delaware corporation

By: 

Frank Cardone  
Its: Vice President
INVESTOR LIMITED PARTNER:

Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company

By: RJ CHOF X L.L.C., a Florida limited liability company
Its: Manager

By: Raymond James Tax Credit Funds, Inc.
Its: Managing Member

By: ______________________________
Steven J. Kropf, President

Principal Business Address:
880 Carillon Parkway
St. Petersburg, Florida 33716
EXHIBITS

EXHIBIT A. Development Agreement
EXHIBIT B. Legal Description of Property
EXHIBIT C. Unconditional Guaranty
EXHIBIT D. Certificate of General Partner
EXHIBIT E. Insurance Guidelines
EXHIBIT F. Projections
EXHIBIT G. Intentionally Omitted
EXHIBIT H. Intentionally Omitted
EXHIBIT I. Quarterly General Partner Certificate
EXHIBIT J. Affidavit of Non-Foreign Status
EXHIBIT A

DEVELOPMENT AGREEMENT
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into as of the 1st day of June, 2021 between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, (the “Partnership”), and Related Irvine Development Company, LLC, a California general limited liability company (the “Related Developer”) and LOMOD RHC I, LLC, a California limited liability company (the “Managing General Partner” and together with the Related Developer, the “Developer”).

RECITALS:

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a 89-unit multifamily apartment complex intended for rental to low and moderate income tenants (the “Project”), to be known as Rose Hill Courts – Phase I, and to be located in Los Angeles, California and is governed by an Amended and Restated Agreement of Limited Partnership of even date herewith (the “Partnership Agreement”); and

WHEREAS, the Partnership desires to appoint the Developer to provide certain services for the Partnership with respect to overseeing the development of the Project until all development work is completed and Developer desires to accept such appointment;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. **Appointment.** The Partnership hereby appoints the Developer to render services to the Partnership, and confirms and ratifies the appointment of the Developer with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Project as herein contemplated.

2. **Authority.** The Developer shall have the authority and the obligation to perform the services described in Paragraphs 3, 4, 5 and 6 below. Developer’s services shall be performed in the name of and on behalf of the Partnership.

3. **Determination of Project Size, Structure and Composition.** The Developer shall perform all of the following services:

   (a) Conduct a preliminary market study.

   (b) Negotiate with, select, and hire a housing marketing analyst to conduct an independent market study for the proposed development, if required by the Partnership.

   (c) Determine the number of units in the Project and their size.

   (d) Determine the appropriate unit mix and amenities.

   (e) Identify potential sources of construction financing.
(f) Analyze the competitiveness of the Project against others in the market area.

(g) Make preliminary estimates of Project costs and determine Project feasibility.

(h) Prepare and submit to the Partnership all information and documentation necessary to obtain a reservation for Housing Tax Credit to the extent related to the services otherwise provided pursuant to this Agreement including, without limitation, information and documentation related to Project description, Project costs, unit mix, amenities, construction financing and developer experience.

4. **Pre-Construction.** The Developer shall perform all of the following services:

(a) Prepare or obtain an environmental impact assessment of the proposed development.

(b) Choose the products and materials necessary to equip the Project in a manner consistent with its intended use.

(c) If appropriate, prepare pre-qualification criteria for bidders interested in the Project, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods.

(d) Assist the Partnership in dealing with local organizations, adjoining landowners and other parties interested in the development of the Project.

(e) Secure all necessary land use approvals.

(f) Select the architect (“**Architect**”) and other professional advisors.

(g) Negotiate and cause to be executed in the name of the Partnership, agreements for architectural, engineering, testing or consulting services for the Project.

(h) Negotiate and determine the terms of construction financing.

(i) Prepare a preliminary critical path schedule.

5. **Plans and Specifications.** The Developer shall perform the following services:

(a) Coordinate the preparation of the plans and specifications (the “**Plans and Specs**”) and recommend alternative solutions whenever design details affect construction feasibility or schedules.

(b) Ensure that the Plans and Specs are in compliance with all applicable codes, laws, ordinances, rules and regulations.
c) In collaboration with the Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples.

6. **Construction Services.** The Developer shall perform the following services:

   (a) Establish and implement appropriate administrative and financial controls for the construction of the Project, including, but not limited to:

   (i) Coordination and administration of the Architect or engineer, the general contractor and other contractors, professionals and consultants employed in connection with the construction or rehabilitation of the Project;

   (ii) Administration of any construction contracts on behalf of the Partnership;

   (iii) Participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

   (iv) The rendering of advice and recommendations as to the selection procedures for and selection of subcontractors and suppliers;

   (v) The submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

   (vi) Applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project;

   (vii) Compliance with all terms and conditions applicable to Partnership or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project, or in any surety bond obtained in connection with the Project;

   (viii) Furnishing such consultation and advice relating to the Project as may be reasonably required;

   (ix) Keeping the Partnership fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested; and

   (x) Giving or making Partnership’s instructions, requirements, approvals and payments provided for in the agreements with the Architect, general contractor, and other contractors, professionals and consultants retained for the Project.

   (b) Cause construction of the Project to be performed in a diligent and efficient manner, consistent with good workmanship, including:
(i) Obtain required building permits;

(ii) Ensuring all construction is consistent with the Plans and Specs, including any required off-site work, as they may be amended with consent of any Lender; and

(iii) General administration and supervision of construction of the Project, including but not limited to activities of subcontractors and their employees and agents, and others employed by the Project in a manner which complies in all respects with the Plans and Specs;

(iv) Compliance with any and all zoning regulations, county ordinances, including health, fire and safety regulations, and any other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Project; and

(v) Insuring that the Project is constructed free and clear of all mechanics' and materialmen’s liens.

(c) Receive bids, prepare bid analysis and make recommendations to the Partnership for award of contracts or rejection of bids.

(d) Investigate and recommend a schedule for purchase by the Partnership of all materials and equipment requiring long lead time procurement.

(e) Coordinate schedule with Architect and expedite and coordinate delivery of purchases.

(f) Develop and implement a procedure for the review and processing of applications by subcontractors for progress and final payments and monitor disbursement and payment of amounts owed Architects and the subcontractors.

(g) Record the progress of the Project and submitting written progress reports to the Partnership and Architect, including the percentage of completion and the number and amounts of change orders.

(h) Keep, or cause to be kept, accounts and cost records as to the construction of the Project; assemble and retain all contracts, agreements and other records and data as may be necessary to carry out Developer’s functions hereunder.

(i) Make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts.

(j) Provide, and periodically update, Project construction time schedule which coordinates and integrates Architect’s services with construction schedules.
(k) Coordinate the work of Architect to complete the Project in accordance with the objectives as to cost, time and quality, and provide sufficient personnel at the Project with authority to achieve such objectives.

(l) Provide a detailed schedule of realistic activity sequences and durations, allocation of labor and materials and processing of shop drawings and samples.

(m) Provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule.

(n) Recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled.

(o) Revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed.

(p) Provide regular monitoring of the approved estimate of construction costs, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected costs exceed budgets or estimates.

(q) Develop and implement a system for review and processing of change orders as to construction of the Project.

(r) Deliver to the Partnership a dimensioned as-built survey of the real property (locating only buildings) and as-built drawings of the Project construction.

(s) Obtain an Architect’s certificate that the work on the Project is substantially complete, and inspect the Architect's work.

(t) Secure all building code approvals and obtain certificates of occupancy for all of the residential units of the Project.

(u) Take all other actions necessary to provide the Partnership with a facility ready for lease to tenants.

(v) Maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions.

7. **Excluded Services.** The Developer shall not be required to perform any of the following services pursuant to this Agreement and, if any such services are performed with the consent of the Partnership, shall be separately compensated therefore as the parties may mutually agree:
(a) Locate, evaluate the suitability of, negotiate the purchase or lease of, or arrange the financing for the land on which the Project is to be located.

(b) Arrange, or negotiate the terms and conditions of, the permanent financing.

(c) Arrange, or negotiate the terms and conditions of, the capital contributions of an investor limited partner in the Partnership.

(d) Perform or assist in the marketing or leasing of units in the Project.

Notwithstanding the foregoing, the Developer shall be obligated to provide information to the Partnership (in the form requested by the Partnership) regarding budgets, cost estimates, the status of the construction and the accomplishment of its duties hereunder, and any other information to the extent necessary or helpful to assist the Partnership or a person retained by it in performing such excluded services.

8. **Development Fee.** For services provided and to be performed under this Agreement the Partnership agrees to pay the developer a fee (the “Development Fee”) in the aggregate amount of $[5,500,000], as provided in this Paragraph 8. With respect to the first $3,500,000 of the Developer Fee paid, the Related Developer shall be entitled to eighty-five percent (85%) and the Managing General Partner shall be entitled to fifteen percent (15%), with each installment paid on a pari passu basis. The remaining $2,000,000 of the Developer Fee shall be paid to the Managing General Partner. Such fee shall be earned as follows and paid pursuant to Section 8.09 of the Partnership Agreement: [Please confirm that developer fee will be the source for the MGP’s capital contribution]

(a) The Development Fee shall be paid as funds are available for payment as described in the Partnership Agreement; provided that (i) any portion of the Development Fee not treated as a deferred Development Fee shall be payable on or before the date of the Stabilization Capital Contribution to the Partnership; and (ii) any deferred Development Fee shall bear interest at a rate equal to 0.50% and shall be payable in accordance with the terms of the Partnership Agreement, but in no event later than the date that is fifteen (15) years after the date the first building in the Project is placed in service. A deferred Development Fee shall mean any portion of the Development Fee so treated as provided in the Partnership Agreement.

(b) Ten percent (10%) of the Development Fee shall be earned as the services described in Paragraph 3 are performed. In the event that at the end of any billing or fiscal period, a significant portion (but not all) of such services have been performed, a proportionate amount of such portion of the Development Fee shall be deemed earned.

(c) Ten percent (10%) of the Development Fee shall be earned as the services described in Paragraph 4 are performed. In the event that at the end of any billing or fiscal period, a significant portion (but not all) of such services have been performed, a proportionate amount of such portion of the Development Fee shall be deemed earned.

(d) Five percent (5%) of the Development Fee shall be earned as the services described in Paragraph 5 are performed. In the event that at the end of any billing or fiscal period, a significant portion (but not all) of such services have been performed, a proportionate amount of such portion of the Development Fee shall be deemed earned.
(e) The balance of the Development Fee shall be deemed earned when the services described in Paragraph 6 are completely performed. Unless the parties otherwise agree, the amount payable under this subparagraph (d) shall be reduced on a dollar-for-dollar basis to the extent that there would otherwise by Excess Development Costs with respect to the Project and the Development Fee shall be reduced by such unpaid amount. The parties acknowledge that the Project is to be financed with tax-exempt obligations and is intended to meet the requirement of Section 42(h)(4)(B) of the Code that at least 50 percent of the costs of the Project (including land) be financed with the proceeds of such obligations. Accordingly, if and to the extent necessary to ensure that the Section 42(h)(4)(B) of the Code is satisfied, the Development Fee shall be reduced.

9. Reimbursement of Partnership Expenses. In addition to the Development Fee payable herein, the Developer shall receive reimbursement from the Partnership for any costs, fees or expenses paid to third parties and incurred in connection with the construction and development of the Project, including, without limitation of the generality of the foregoing, payments to any third party constructor for construction, engineering, appraisal market study, surveying or similar services and payments of any cash escrows or letters of credit, attorneys fees, accountants fees, or other consulting fees incurred in connection with the Project.

10. Allocation of Fee. At the request of the Partnership, the Developer will prepare a schedule allocating its Development Fee among the services performed by it (including, for example, an allocation between items that are or are not includable in eligible basis determined for purposes of Section 42 of the Internal Revenue Code of 1986, as amended). The Developer will retain and provide to the Partnership books and records substantiating its allocation of the Development Fee.

11. Fee Unconditional. It is expressly understood and agreed by the parties hereto that the Development Fee and the reimbursement of costs incurred by the Developer in connection with the development of the Project shall be payable without regard to the income or profits of the Partnership.

12. Withholding of Fee Payments. In the event that (i) the Developer shall not have substantially complied with any material provisions under this Agreement or the Partnership Agreement, or (ii) any construction financing commitment, or any agreement entered into by the Partnership for construction financing related to the Project shall have terminated prior to its respective termination date(s), or (iii) foreclosure proceedings shall have been commenced against the Project by a construction lender, then the Developer shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of the fee not yet earned by the Developer. All amounts so withheld by the Partnership shall be promptly released to the Developer only after cures of the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Partnership.

13. Right of Offset. The Partnership shall have the right to offset amounts owed hereunder to the Developer against any obligation of the Developer to the Partnership or its Partners, whether such obligation is incurred in its capacity as Developer, general partner, guarantor or otherwise. In addition, the Developer acknowledges and agrees that the Partnership shall have a right to offset amounts owed hereunder against obligations of the General Partner as described in Section 8.10 of the Partnership Agreement.
14. **Assignment of Fees.** Without the consent of the Partnership, the Developer shall not assign, pledge or otherwise encumber, for security or otherwise, the Development Fee, or any portion(s) thereof or any right(s) of the Developer thereto. Any such assignment, pledge or encumbrance shall be null and void.

15. **Successors and Assigns, Termination.** This Agreement shall be binding on the parties hereto and their heirs, successors, and assigns. However, this Agreement may not be assigned by any party hereto without the consent of all of the partners of the Partnership, nor may it be terminated without the consent of all of the partners of the Partnership (except in the case of a material breach hereunder by the Developer); such consent shall not be unreasonably withheld.

16. **Defined Terms.** Capitalized terms used in this Agreement and not specifically defined herein shall have the meanings assigned to them in the Amended and Restated Agreement of Limited Partnership of the Partnership of even date herewith (“Partnership Agreement”).

17. **Severability.** If any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain unimpaired and shall continue in full force and effect.

18. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

19. **No Continuing Waiver.** The waiver by any party or any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

20. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter as of the date hereof and supersedes all prior understandings, representations, proposals, discussions and negotiations whatsoever, whether oral or written, between the parties hereto.

21. **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State.

[signature page follows]
IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

Rose Hill Courts I Housing Partners, L.P., a California limited partnership

By:  
Name: [___________]  
Title: [___________]  

DEVELOPER:

Related Irvine Development Company, LLC, a California limited liability company

By:  
Name: Frank Cardone  
Title: President  

LOMOD RHC I, LLC, a California limited liability company

By:  
Name: La Cienega LOMAD, Inc., a California nonprofit public benefit corporation  

By:  
Tina Smith-Booth  
Its: President
EXHIBIT B

DESCRIPTION OF PROPERTY
EXHIBIT C

UNCONDITIONAL GUARANTY
UNCONDITIONAL GUARANTY

This GUARANTY AGREEMENT (“Guaranty”), dated as of the 1st day of 1st day of [June], [2021], is given by The Related Companies, L.P., a New York limited partnership (“Related”) and LOMOD RHC I, LLC, (the “Managing General Partner” and collectively with Related, the “Guarantors”), for the benefit of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”) and Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”), with reference to the following facts:

A. The Partnership has been formed to acquire, Construct, own, finance, and operate that certain Project, as defined in ARTICLE II of the Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) dated as of even date herewith. (Capitalized terms used in this Guaranty and not otherwise defined herein shall have the meanings specified in the Partnership Agreement.)

B. The Project, following the completion of Construction, is intended to constitute a “qualified Low-Income housing project” (as defined in Section 42(g)(1) of the Internal Revenue Code).

C. Related/Rose Hill Courts I Development Co., LLC, a California limited liability company limited liability company and the Managing General Partner are the General Partners in the Partnership.

D. Related Irvine Development Company, LLC, a California limited liability company, and the Managing General Partner are the Developers of the Project and will receive a substantial fee for undertaking its obligations under the Development Agreement with respect to the Project.

E. Guarantors an affiliate of the Administrative General Partner and will materially benefit from the capital contributions to be made by the Investor Limited Partner to the Partnership.

F. The Investor Limited Partner is the sole investor limited partner in the Partnership.

G. As a material inducement to the Investor Limited Partner in entering into the Partnership Agreement and agreeing to make capital contributions to the Partnership, the Guarantors executed this Guaranty effective concurrently with the Investor Limited Partner’s execution of the Partnership Agreement, which Guarantors expressly acknowledge the Investor Limited Partner would not have executed in the absence of this Guaranty.

NOW, THEREFORE, as a condition precedent to the Investor Limited Partner becoming a limited partner in the Partnership, the undersigned Guarantors hereby agree as follows:

1. Guaranty. Related guarantees to the Partnership and the Investor Limited Partner the full and timely performance and payment of (a) all of the obligations of the Developer under the Development Agreement, and (b) all of the obligations of the Administrative General Partner under the Partnership Agreement. The Managing General Partner guarantees to the Partnership and the Investor Limited Partner all obligations of the Managing General Partner solely with respect to Section 8.08(b)(iii) and Section 8.08(f) of the Partnership Agreement.

2. Payments Due. Any payment pursuant to Section 1 of this Guaranty (“Guaranty Payments”) is due within ten (10) days of written demand therefor made by the General Partner or the Investor Limited Partner, each of which (acting alone) shall have the authority to make such demand.
3. **Nature of Guaranty.**

3.1 The Partnership and the Investor Limited Partner are the intended beneficiaries of all of the Guarantors’ obligations under this Guaranty and, in the event the Guarantors fail to fulfill any of their obligations hereunder, the Partnership and the Investor Limited Partner shall have direct recourse against any or all of the Guarantors to the extent of such unfulfilled obligations. Either the Partnership or the Investor Limited Partner, acting alone, shall have the right to bring and prosecute a separate action or actions against any one or more of the Guarantors regardless of whether an action is brought against another Guarantor or whether another Guarantor is joined in any such action(s). Each Guarantor hereby acknowledges and agrees that it shall not be a condition precedent to the enforcement of this Guaranty by the Partnership or the Investor Limited Partner against any Guarantor that recourse first be sought against any other Guarantor, any principal, or pursue any other remedy available to the Partnership or the Investor Limited Partner.

3.2 This Guaranty is an irrevocable, unconditional, absolute, continuing guaranty of payment not a guaranty of collection. This Guaranty may not be revoked by any Guarantor and shall continue to be effective with respect to the obligations guaranteed hereunder arising or created after any attempted revocation by any Guarantor. It is the intent of the Guarantors that the obligations and liabilities of the Guarantors hereunder are absolute and unconditional under any and all circumstances and that until the obligations guaranteed hereunder are fully, finally and indefeasibly satisfied, such obligations and liabilities shall not be discharged or released in whole or in part, by any act or occurrence which might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of the Guarantors. Each and every default in payment of any amounts due or performance of any obligation required under this Guaranty shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises, or, in the discretion of the Partnership or the Investor Limited Partner, may be brought as a consolidated suit or suits.

3.3 The respective liability of each Guarantor hereunder is independent of and not in consideration of or contingent upon the obligations of any other person or entity, whether under this Guaranty or otherwise. No defense of any nature available to the General Partner to any obligation guaranteed by the terms of this Guaranty (other than payment and performance in full) shall excuse any Guarantor from its obligations under this Guaranty; and each Guarantor shall be fully liable hereunder for each of the obligations hereunder even if any obligation of the General Partner under the Partnership Agreement is or becomes unenforceable against the General Partner for any reason, including (without limitation) the bankruptcy of the General Partner.

3.4 Each Guarantor waives the benefit of any statute of limitations affecting such Guarantor’s liability hereunder or the enforcement thereof to the fullest extent permitted by law.

3.5 The obligations of each Guarantor under this Guaranty shall not be impaired by any act or omission to act, with or without notice to the Guarantors or any of them, by the Partnership or the Investor Limited Partner, or by reason of any other circumstance which might otherwise constitute a discharge or defense of a guarantor. Without limiting the foregoing, either the Partnership or the Investor Limited Partner may, from time to time, at its sole discretion and without notice to the Guarantors or any of them, take any or all of the following actions without discharging or in any way impairing any of the obligations of the Guarantors hereunder: (a) retain, obtain, or release a security interest in any property to secure any obligation of the General Partner guaranteed hereunder, any Guaranty Payment hereunder, or any other obligation hereunder; (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantors, with respect to any Guaranty Payment; or (c) resort to any
Guarantor(s) for payment of any Guaranty Payment. The obligations of each Guarantor hereunder shall also be unaffected by: (i) any amendment to or modification of the Partnership Agreement or other Project Documents; (ii) any extensions of time for performance required thereby; (iii) any exculpatory provision in any of Project Documents; or (iv) the release of any party from performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Project Documents, whether by agreement of the Partnership or the Investor Limited Partner, error, operation of law, or otherwise.

3.6 No set-off, counterclaim or any defense of any kind or nature which any Guarantor has or may have against the Partnership or the Investor Limited Partner shall limit or in any way affect the obligations of that or any other Guarantor hereunder, except only (a) payment in fact, or (b) the fraud, gross negligence or intentional misconduct of the Investor Limited Partner.

3.7 No delay on the part of the Partnership or the Investor Limited Partner in exercising any right under this Guaranty shall operate as a waiver of such right or any other right of the Partnership or the Investor Limited Partner hereunder; nor shall any delay, omission or waiver on any one occasion be deemed a bar to a waiver of the same or any other right on any future occasion.

3.8 Except where specifically stated herein that funds advanced by a Guarantor shall constitute a loan to the Partnership, all funds made available by any Guarantor to the Partnership pursuant to this Guaranty shall not be reimbursable, shall not be credited to the Capital Account of any Partner, and shall otherwise change the Interest of any Partner.

3.9 In the event of the removal of a General Partner pursuant to Section 9.04 of the Partnership Agreement, the Guarantors shall remain liable for all obligations of the Managing General Partner and Administrative General Partner (whether or not removed), but shall not be liable with respect to the obligations of any successor General Partner.

3.10 Each Guarantor hereby waives any rights and defenses which such Guarantor might have as a result of any representation, warranty or statement made by the Partnership, the Investor Limited Partner or their respective agents to the Guarantor in order to induce such Guarantor to execute this Guaranty.

3.11 Following a default by the General Partner under the Partnership Agreement, the Partnership or the Investor Limited Partner in such person’s sole and absolute discretion, without prior notice to or consent of the Guarantors, may elect to compromise or adjust the obligations guaranteed hereunder or any part of them or make any other accommodation with the General Partner or one or more Guarantors, or exercise any other remedy against the General Partner or any Guarantor (or all of them) or any security. No such action by the Partnership or the Investor Limited Partner shall release or limit the liability of Guarantors, who shall remain liable under this Guaranty after the action, even if the effect of the action is to deprive Guarantors of any subrogation rights, rights of indemnity, or other rights to collect reimbursement from any other Guarantor for sums paid to the Partnership or the Investor Limited Partner, whether contractual or arising by operation of law or otherwise.

3.12 Regardless of whether the Guarantors may have made any payments to the Partnership or the Investor Limited Partner, until the obligations guaranteed hereunder are indefeasibly paid and performed in full, Guarantors hereby waive: (i) all rights of subrogation, indemnification, contribution and any other rights to collect reimbursement from any party for any sums paid to the Partnership or the Investor Limited Partner, whether contractual or arising by operation of law (including the United States Bankruptcy Code or any successor or similar statute) or otherwise, (ii) all rights to enforce any remedy.
that the Partnership or the Investor Limited Partner may have against any person, and (iii) all rights to participate in any security now or later to be held by the Partnership or the Investor Limited Partner for the obligations guaranteed hereunder.

3.13 The Guarantors further waive any defense to the recovery by the Partnership or the Investor Limited Partner against the Guarantors of any deficiency or otherwise to the enforcement of this Guarantee or any security for this Guarantee based upon the election by the Partnership or the Investor Limited Partner of any remedy against the Guarantors, including the defense to enforcement of this Guarantee by virtue of any “anti-deficiency” statutes. The Guarantors waive all rights and defenses arising out of an election of remedies by the Partnership or Investor Limited Partner, even though that election of remedies, may adversely affect Guarantors’ right of subrogation and reimbursement against General Partner.

4. **Waivers.** Each of the Guarantors waives notice of the acceptance of this Guarantee, presentment, demand, protest, notice of protest, and notice of dishonor with respect to this Guarantee (but not notice of demand under this Guarantee).

4.1 Each Guarantor hereby assents to all terms and agreements heretofore or hereafter made with the Partnership or the Investor Limited Partner, and, except as such waiver may be expressly prohibited by law, waives notice of:

(i) any sums paid under the Partnership Agreement;

(ii) the present existence or future incurring of any of the indebtedness or any future modifications thereof or any terms or amounts thereof or any obligations guaranteed hereunder or any terms or amounts thereof;

(iii) the obtaining or release of any guaranty or surety agreement (in addition to this Guarantee), pledge, assignment, or other security for any of the obligations arising under the Partnership Agreement or any obligations guaranteed hereunder; and

(iv) notice of protest, default, notice of intent to accelerate and notice of acceleration in relation to any instrument relating to any obligations guaranteed hereunder.

4.2 The Guarantors hereby consent and agree to each of the following, and agree that Guarantors’ obligations under this Guarantee shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and each hereby waives any rights and defenses (excluding the rights to notice, if any, as herein provided or as required by law) which Guarantors might have otherwise as a result of or in connection with any of the following:

(i) any and all extensions, modifications, adjustments, indulgences, forbearances or compromises that might be granted or given by the Partnership or the Investor Limited Partner, including, without limitation, any and all amendments, modifications, supplements, extensions or restatements of the Partnership Agreement;

(ii) the invalidity, illegality or unenforceability of all or any part of the obligations guaranteed hereunder, for any reason whatsoever, including, without limitation, the fact that the act of creating the obligations guaranteed hereunder or any part thereof is ultra vires, any person has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the obligations
guaranteed hereunder wholly or partially uncollectible, the creation, performance or repayment of the obligations guaranteed hereunder is illegal, uncollectible, legally impossible or unenforceable, or the Partnership Agreement or any other document executed in connection therewith pertaining to obligations guaranteed hereunder are irregular or not genuine or authentic;

(iii) the taking or accepting of any other security, collateral or guaranty, or other assurance of the payment, for all or any of the obligations guaranteed hereunder;

(iv) any release, surrender or exchange of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the obligations guaranteed hereunder;

(v) the failure of the Partnership, the Investor Limited Partner or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security;

(vi) the fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the payment and performance of the obligations guaranteed hereunder shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by the Guarantors that the Guarantors are not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectability or value of any of the collateral for the obligations guaranteed hereunder;

(vii) any payment to the Partnership or the Investor Limited Partner is held to constitute a preference under the Bankruptcy Code, or for any reason the Partnership or the Investor Limited Partner is required to refund such payment to any person; or

(viii) any other action taken or omitted to be taken by the Partnership or the Investor Limited Partner pursuant to and in accordance with the Partnership Agreement, whether or not such action or omission prejudices Guarantors or increases the likelihood that Guarantors will be required to pay the obligations guaranteed hereunder.

It is the unambiguous and unequivocal intention of Guarantors that Guarantors shall be obligated to pay and perform the obligations guaranteed hereunder when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether contemplated or unanticipated, and whether or not otherwise or particularly described herein, except for the full and final payment and satisfaction of all obligations guaranteed hereunder.

5. **Representations.** Each Guarantor hereby represents and warrants as of the date hereof that:

5.1 Nothing exists to impair the effectiveness of such Guarantor’s liability and obligations hereunder, nor the immediate taking effect of this Guaranty as to such Guarantor.

5.2 This Guaranty is a valid, legal and binding obligation of such Guarantor, subject only to the application of bankruptcy and insolvency laws and general principles of equity.
5.3 If it is not a natural person, it is an entity of the type specified, which is duly formed, validly existing and in good standing under the laws of the State; it is duly qualified to transact business in the State; it has the power to enter into and perform all agreements on its part herein contained; it has been authorized to enter into this Guaranty by all necessary and proper corporate, partnership or other applicable action; the person executing this Guaranty on behalf of such entity has power, right, and authority to do so; the execution and delivery by such Guarantor of this Guaranty does not, and such Guarantor’s performance of the undertakings by it herein contained will not, contravene or constitute a material default under any agreement, indenture, commitment, provision of such Guarantor’s applicable organizational documents, any law, or any agreement to which such Guarantor is a party or by which such Guarantor is or may be bound.

5.4 Except as other disclosed to and approved in writing by the Investor Limited Partner, there is no litigation or other proceeding pending or, to the best of the respective Guarantor’s knowledge, threatened against or affecting such Guarantor or any of its properties which, if adversely determined, would have a materially adverse effect on the Guarantor or its financial condition, properties, business, or operations, or which would prevent or interfere with the Guarantor’s entering into this Guaranty or performing its obligations hereunder.

5.5 It is not in default with respect to any order, writ, injunction, decree or other directive of any court or other governmental or regulatory authority having jurisdiction over such Guarantor.

5.6 The financial statements for such Guarantor which have been presented to the Investor Limited Partner in connection with the transactions contemplated herein are true and correct and fairly present the financial condition of such Guarantor for the period covered thereby; there have been no materially adverse changes in such Guarantor’s financial condition since the date(s) thereof; and such Guarantor has not entered into any commitments or contracts which are not reflected therein which may have a materially adverse effect upon that Guarantor’s financial condition, business or operations.

5.7 Each Guarantor has received, or will receive, direct or indirect benefit from the Investor Limited Partner entering into the Partnership Agreement and all other documents and instruments executed and delivered in connection therewith.

5.8 No person has made any representation, warranty or statement to Guarantor in order to induce such Guarantor to execute this Guaranty.

5.9 All representations and warranties made by each Guarantor herein shall survive the execution hereof and shall be deemed to have been relied upon by the Partnership and Investor Limited Partner notwithstanding any investigation heretofore or hereafter made by the Partnership and Investor Limited Partner.

5.10 Related has and will at all times maintain an aggregate net worth (exclusive of their investment in the Partnership), computed on a market value basis, in excess of $5,000,000, of which not less than $2,000,000 must be in cash and/or marketable securities (the “Guarantor Net Worth and Liquidity Covenant”), which liquidity shall be tested annually at the end of each year.

6. **Financial Statements.** Each Guarantor agrees that it will provide to the Investor Limited Partner, within thirty (30) days after the request of the Investor Limited Partner, updated unaudited financial statements, including a balance sheet, an income statement, a statement of changes in financial position, and such other statements as the Investor Limited Partner may reasonably request, prepared in
according to GAAP, consistently applied, and certified as true and complete, without qualification, by
the appropriate financial officer of such Guarantor or, if required by the Investor Limited Partner, by an
independent certified public accountant acceptable to the Investor Limited Partner, together with such
supporting documentation as the Investor Limited Partner may reasonably request. If audited financial
statements are prepared for any Guarantor for any period, the Guarantor shall furnish a copy of the same
to the Investor Limited Partner.

7. **Events of Default.** Each of the following events, after the expiration of any grace period
specified with respect thereto without the same having been cured, shall constitute an “Event of Default”
hereunder, whatever the reason for the same, and whether it shall be voluntary, involuntary, be effected
by operation of law, or be pursuant to any judgment or order of any court or any order, rule or regulation
of any governmental or non-governmental body:

7.1 Failure of the Guarantors, collectively, to make any Guaranty Payment required under
Section 2 within ten (10) days of written demand therefor.

7.2 Default by any Guarantor in the performance or observance of any non monetary
agreement or covenant contained in this Guaranty (other than a covenant or agreement or default in the
performance or observance which is elsewhere in this Section 7 specifically addressed) and the
continuance of such default for a period of thirty (30) days following written notice from the Partnership
or the Investor Limited Partner.

7.3 Any representation or warranty made by any Guarantor under this Guaranty or in any
other agreement, report, certificate, financial statement or other instrument referred to herein and
furnished to the Partnership or the Investor Limited Partner in connection herewith shall prove incorrect
or misleading in any material respect when made or when deemed to have been made or remade.

7.4 The filing by any Guarantor of a petition for the appointment of a trustee with respect to
itself or any of its property; or the commencement by any Guarantor of a voluntary case in bankruptcy or
insolvency or seeking compromise, adjustment or other relief under the laws of the United States or of
any state relating to the relief of debtors; or the making by any Guarantor of an assignment for the benefit
of creditors.

7.5 The failure of any Guarantor to obtain the dismissal, within ninety (90) days after service
upon it of any case commenced against such Guarantor (a) for the appointment of a trustee for such entity
or person, or any of its property, or (b) in bankruptcy or insolvency or for compromise, adjustment or
other relief under the laws of the United States or of any state relating to the relief of debtors.

7.6 The making, or an attempt to make, by any Guarantor of a fraudulent conveyance within
the meaning of the Uniform Fraudulent Conveyances Act.

8. **Remedies.** If an Event of Default shall have occurred and be continuing, either the
Partnership or the Investor Limited Partner may proceed hereunder against any Guarantor, with or
without exhausting any other remedies either may have, and with or without resorting to any security held
by the Partnership or the Investor Limited Partner. This Guaranty is an irrevocable, unconditional,
absolute, continuing guaranty of payment not a guaranty of collection. Guarantors agree that either the
Partnership or the Investor Limited Partner, in such person’s sole and absolute discretion, may bring suit
against one or more of the Guarantors without impairing the rights of the Partnership, the Investor
Limited Partner or their respective successors and assigns against any other Guarantors of the obligations
guaranteed hereunder; and either the Partnership or the Investor Limited Partner may settle or compromise with such Guarantor for such sum or sums as such person may see fit and release such Guarantor from all further liability to the Partnership and the Investor Limited Partner, all without impairing its rights against the other Guarantors.

9. **Subordination.** So long as any Guarantor has any outstanding or undischarged obligations under this Guaranty, that Guarantor agrees that any and all claims it may have against the General Partner, the Developer or any other third party with respect to the Partnership is and shall remain subordinated to all claims of the Partnership and the Investor Limited Partner hereunder. Any amounts received by such Guarantor after and during the continuance of an uncured Event of Default hereunder, with respect to any such subordinated claims shall be held by the Guarantor as trustee for the Partnership and the Investor Limited Partner on account of the obligations of the Guarantor hereunder and, upon demand, shall be paid over to the Partnership or the Investor Limited Partner, as the Guarantor may be directed.

10. **Attorneys’ Fees.** Following an Event of Default, if it becomes necessary for the Partnership or the Investor Limited Partner to exercise its rights hereunder, whether suit be brought or not, the Guarantors shall be jointly and severally liable for all costs and reasonable attorneys’ fees incurred by the Partnership and/or the Investor Limited Partner, including costs and reasonable attorneys’ fees incurred by the Partnership and/or the Investor Limited Partner in any bankruptcy proceedings, and in any appellate or post-judgment proceedings. In the further event that the Partnership or the Investor Limited Partner obtains a final judgment against the Guarantors upon this Guaranty, the judgment shall bear interest at the highest rate permitted under applicable law.

11. **Invalidity.** If any of the provisions of this Guaranty, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every other provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

12. **Successors and Assigns.** This Guaranty shall be binding upon any successors of each of the Guarantors, and shall run to the benefit of the Partnership, the Investor Limited Partner, and their respective successors and assigns.

13. **Notices.** All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier, or United States mail, registered or certified, return receipt requested, postage and fees fully prepaid, to the Partnership at the address of the Partnership’s principal office, to Investor Limited Partner c/o 880 Carillon Parkway, St. Petersburg, Florida 33716, Attention: Steven J. Kropf, President or at such other address as the Investor Limited Partner may designate by notice to the Guarantors, and to each Guarantor at the address specified next to such Guarantor’s signature herewith with a copy to Lance Bocarsly, Esq, Bocarsly Emden Cowen Esmail & Arndt LLP, 633 West Fifth Street, 64th Floor, Los Angeles, California 90071. Any party may change its address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the other parties of its new address for such purpose. Actual receipt of any written notice shall constitute notice in all events.

14. **Applicable Law.** This Guaranty shall be deemed to have been made thereat and is, and shall be deemed to be a contract entered into under and pursuant to the laws and judicial decisions of the State of California and shall be in all respects governed, construed, applied and enforced in accordance
with the laws of that State. Each Guarantor hereby irrevocably submits and consents to the jurisdiction of
the courts of the State of California and of the Federal District Court for the [Southern] District 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 waives 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 such person at such person’s address for purposes of notices hereunder. Should any party so
served fail to appear or answer within the time prescribed by law, that party shall be deemed in default
and judgment may be entered against that party for the amount or other relief as demanded in any
summons, complaint or other process so served in any such action, suit or proceeding hereunder.

15. **Headings.** Captions and paragraph headings contained herein are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Guaranty.

16. **Entire Agreement.** This Guaranty and the other documents specifically referred to herein contains the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior oral and written agreements or understandings with respect thereto and may not be changed, modified, discharged or terminated other than by an agreement in writing signed by the parties hereto.

17. **WAIVER OF JURY TRIAL.** GUARANTORS, TO THE GREATEST EXTENT
PERMITTED BY APPLICABLE LAW, HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A
JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF
THIS GUARANTY, THE PARTNERSHIP AGREEMENT, OR ANY DEALINGS BETWEEN OR
AMONG THE GUARANTORS, THE COMPANY AND/OR THE INVESTOR MEMBER RELATING
TO THE SUBJECT MATTER OF THIS TRANSACTION AND THE RELATIONSHIP THAT IS
BEING ESTABLISHED. GUARANTORS ALSO WAIVE ANY BOND OR SURETY OR SECURITY
UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED BY ANY
GUARANTOR. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF
ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE
SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION,
CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER
COMMON LAW AND STATUTORY CLAIMS. GUARANTORS ACKNOWLEDGE THAT THIS
WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP THAT
EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS GUARANTY AND
THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE
DEALINGS. GUARANTORS FURTHER WARRANT AND REPRESENT THAT EACH HAS
REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND
VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH
LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE
MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY
SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS
GUARANTY, THE PARTNERSHIP AGREEMENT OR TO ANY OTHER DOCUMENTS OR
AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY OR BY THE
PARTNERSHIP AGREEMENT. IN THE EVENT OF LITIGATION, THIS GUARANTY MAY BE
FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

18. **Counterparts.** This Guaranty may be executed if multiple counterparts, all of which
together constitute one and the same instrument.
19. **Advice of Counsel.** Each Guarantor represents and acknowledges that it has consulted with legal counsel of its choice regarding the terms, conditions and waivers set forth in this Guaranty, and that its counsel has advised such Guarantor of the true legal consequences of each provision of this Guaranty, including the rights the Guarantor would have in the absence of the waivers contained herein.

20. **California Waivers.**

   (A) The Guarantors hereby waive the rights and benefits under California Civil Code (“CC”) Section 2819, and agrees that by doing so the liability of the Guarantors shall continue even if the obligations of the General Partner under the Partnership Agreement are altered in any respect or the Investor Limited Partner’s remedies or rights against the Partnership or the General Partner are in any way waived, impaired or suspended without consent.

   (B) The Guarantors hereby waive any and all benefits and defenses under CC Sections 2845, 2849 and 2850, including, without limitation, any right to require the Partnership or the Investor Limited Partner to (i) proceed against the Partnership or the General Partner; (ii) proceed against or exhaust any security held by the Partnership or any Investor Limited Partner; or (iii) pursue any other remedy in the Partnership’s or the Investor Limited Partner’s power whatsoever.

   (C) The Guarantors hereby waive any and all benefits and defenses under CC Section 2810 and agrees that by doing so the Guarantors are liable even if the Partnership or the General Partner, or any of them, had no liability at the time of execution of the Partnership Agreement or thereafter ceases to be liable. The Guarantors hereby waive any and all benefits and defenses under CC Section 2809 and agree that by doing so the Guarantors’ liability may be larger in amount and more burdensome than that of the Partnership or any General Partner.

   (D) Each Guarantor hereby waives all benefits and defenses under CC Section 2847, 2848 and 2849 and agrees that the Guarantors shall have no right of subrogation or reimbursement against the Partnership or the General Partner, no right of subrogation against any collateral or security and no right of contribution against any other guarantor or pledgor unless and until all amounts due by the General Partner under the Partnership Agreement have been paid in full and the Investor Limited Partner has released all of its right, title and interest in any collateral or security. To the extent the Guarantors’ waiver of these rights of subrogation, reimbursement or contribution are found by a court of competent jurisdiction to be void or voidable for any reason, each Guarantor agrees that all rights of subrogation and reimbursement against the Partnership, the General Partner, or the Investor Limited Partner and all rights of subrogation against any collateral or security shall be junior and subordinate to the Investor Limited Partner’s rights against the Partnership or the General Partner and to the Investor Limited Partner’s right, title and interest in such collateral or security, and all rights of contribution against any other guarantor or pledgor shall be junior and subordinate to the Investor Limited Partner’s rights against such other guarantor or pledgor.

[Signatures appear on the following pages]
IN WITNESS WHEREOF, each of the Guarantors has executed and the Partnership and the Investor Limited Partner have acknowledged this Guaranty as of the date first written above.

"Guarantors"

The Related Companies, L.P., a New York limited partnership

By: The Related Realty Group, Inc., a Delaware corporation, its general partner

By: __________________________
    David K. Zussman
Its: EVP & CEO

Address: [__________]
Attention: [__________]
Telephone: _____________
Facsimile: _____________

LOMOD RHC I, LLC, a California limited liability company

By: La Cienega LOMAD, Inc., a California nonprofit public benefit corporation

By: __________________________
    Tina Smith-Booth
Its: President
EXHIBIT D-1

INITIAL CAPITAL CONTRIBUTION
CERTIFICATE OF ADMINISTRATIVE GENERAL PARTNER

I, __________________________, hereby certify that:

1. I am the ___________________________ of Related/Rose Hill Courts I Development Co. Development Co., LLC (the “Administrative General Partner”), a California limited liability company and a General Partner of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”), a limited partnership organized and existing under the laws of the California.

2. I am fully familiar with all of the General Partner’s and the Partnership’s business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

3. This Certificate is made and delivered for the purpose of, among other things, inducing Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”) to (a) purchase a limited partnership interest in the Partnership; (b) enter into amended and restated agreement of limited partnership with the Administrative General Partner and Managing General Partner dated [June] 1, 2021 (the “Partnership Agreement”); and/or (c) fund its equity investment in the Partnership in connection with the development of that certain project known as Rose Hill Courts – Phase I (the “Project”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Partnership Agreement.

4. The representations and warranties contained in Section 4.1 of the Partnership Agreement are true and correct, in all respects, and are not in any way misleading.

5. The covenants contained in Sections 4.01, 4.02 and Article 8 of the Partnership Agreement have been fully and completely performed, as of this date, except as otherwise consented to by the Investor Limited Partner, in writing.

6. No default, breach or violation of the terms of the Partnership Agreement on the part of General Partner has occurred as of this date.

7. To the best of our knowledge, neither the General Partner nor the Partnership are in default of any obligation relating to the business of the Partnership or the Project, as of the date hereof, and all obligations of General Partner and the Partnership will be satisfied when due.

8. No actions or proceedings of any kind or nature are pending or threatened against the General Partner, except as may be described in Exhibit A attached hereto and made a part hereof. Such actions or proceedings are fully covered by insurance or, if adversely determined, would not have an effect on the General Partner’s ability to pay when due any amounts that may become payable in respect of the Partnership Agreement or in connection with the Project, or to continue with the development and operation of the Project.
9. As of the date of this Certificate, the General Partner is (a) solvent; (b) able to pay its debts as they mature; (c) has capital sufficient to carry on the businesses in which it is engaged; and (d) the present fair saleable value of its assets is greater than the amount of its liabilities. The General Partner will not be rendered insolvent by entering into the Partnership Agreement or by performing the currently foreseeable obligations on its part to be performed in respect of the Project, or by conducting the transactions contemplated thereunder.

10. All insurance requirements of the Partnership Agreement have been met and satisfied in all respects.

11. All consents required to admit the Investor Limited Partner to the Partnership, have been obtained and no further consents are required.

12. No certificate of amendment relating to the Partnership is required to reflect the admission of the Investor Limited Partner to the Partnership. A true, correct, and complete copy certified by the applicable state agency of the Certificate of Limited Partnership and any amendments thereto has been delivered to the Investor Limited Partner prior to execution hereof.

13. As of the date of this Certificate, all of the conditions and prerequisites for funding the Initial Capital Contribution, have been fully and completely performed and all representations and warranties contained in the Partnership Agreement are true and correct and not in any way misleading.

14. The undersigned has completed and filed or will complete and file, in a timely manner, any and all federal and state securities forms required for exemption of the issuance of Partnership interests from federal and state securities registration requirements, or has relied on applicable federal and state registration exemptions that do not require such filings.

The foregoing matters are certified and agreed to by the undersigned General Partner as of the date of this letter, and you may rely hereon in consummating your investment in the Project/Partnership. All certifications made herein shall constitute representations and warranties of the undersigned. In the event of any inaccuracy in any of the foregoing certifications, or failure to perform any of the foregoing agreements, Investor Limited Partner shall be entitled to any and all remedies under applicable law, including remedies for breach of warranty, representation, or agreement, and the undersigned shall defend and indemnify Investor Limited Partner against any liability or damages therefrom.

SIGNATURES BEGIN ON FOLLOWING PAGE
General Partner:

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: ____________________________________

Its: _________________
EXHIBIT D-2  
CAPITAL CONTRIBUTION CERTIFICATE  
CERTIFICATE OF GENERAL PARTNER

I, __________________________, hereby certify that:

1. I am the __________________________ of Related/Rose Hill Courts I Development Co., LLC (the “Administrative General Partner”), a California limited liability company and a General Partner of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”), a limited partnership organized and existing under the laws of the California.

2. I am fully familiar with all of the General Partner’s and the Partnership’s business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

3. This Certificate is made and delivered for the purpose of, among other things, inducing Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”) to (a) purchase a limited partnership interest in the Partnership; (b) enter into amended and restated agreement of limited partnership with the Administrative General Partner and Managing General Partner dated [June] 1, 2021 (the “Partnership Agreement”); and/or (c) fund its equity investment in the Partnership in connection with the development of that certain project known as Rose Hill Courts – Phase I (the “Project”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Partnership Agreement.

4. The representations and warranties contained in Section 4.01 of the Partnership Agreement are true and correct, in all respects, and are not in any way misleading.

5. The covenants contained in Sections 4.01, 4.02 and Article 8 of the Partnership Agreement have been fully and completely performed, as of this date, except as otherwise consented to by the Investor Limited Partner, in writing.

6. No default, breach or violation of the terms of the Partnership Agreement on the part of General Partner has occurred as of this date.

7. To the best of our knowledge, neither the General Partner nor the Partnership are in default of any obligation relating to the business of the Partnership or the Project, as of the date hereof, and all obligations of General Partner and the Partnership will be satisfied when due.

8. No actions or proceedings of any kind or nature are pending or threatened against the General Partner, except as may be described in Exhibit A attached hereto and made a part hereof. Such actions or proceedings are fully covered by insurance or, if adversely determined, would not have an effect on the General Partner’s ability to pay when due any amounts that may become payable in respect of the Partnership Agreement or in connection with the Project, or to continue with the development and operation of the Project.

9. As of the date of this Affidavit, the General Partner is (a) solvent; (b) able to pay its debts as they mature; (c) has capital sufficient to carry on the businesses in which it is engaged; and (d) the present fair saleable value of its assets is greater than the amount of its liabilities. The General Partner
will not be rendered insolvent by performing the currently foreseeable obligations on its part to be performed in respect of the Project, or by conducting the transactions contemplated thereunder.

10. All insurance requirements of the Partnership Agreement have been met and satisfied in all respects.

11. As of the date of this Affidavit, all of the conditions and prerequisites for funding the Capital Contribution with respect to which this Certificate has been submitted, have been fully and completely performed and all representations and warranties contained in the Partnership Agreement are true and correct and not in any way misleading.

The foregoing matters are certified and agreed to by the undersigned General Partner as of the date of this letter, and you may rely hereon in consummating your investment in the Project/Partnership. All certifications made herein shall constitute representations and warranties of the undersigned. In the event of any inaccuracy in any of the foregoing certifications, or failure to perform any of the foregoing agreements, Investor Limited Partner shall be entitled to any and all remedies under applicable law, including remedies for breach of warranty, representation, or agreement, and the undersigned shall defend and indemnify Investor Limited Partner against any liability or damages therefrom.

[signature page follows]
General Partner:

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company
By: ________________________________

Its: ______________________________
EXHIBIT D-3
STABILIZATION CAPITAL CONTRIBUTION CERTIFICATE

CERTIFICATE OF ADMINISTRATIVE GENERAL PARTNER

I, __________________________, hereby certify that:

1. I am the __________________________ of Related/Rose Hill Courts I Development Co., LLC (the “Administrative General Partner”), a California limited liability company and a General Partner of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”), a limited partnership organized and existing under the laws of the California.

2. I am fully familiar with all of the General Partner’s and the Partnership’s business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

3. This Certificate is made and delivered for the purpose of, among other things, inducing Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”) to (a) purchase a limited partnership interest in the Partnership; (b) enter into amended and restated agreement of limited partnership with the Administrative General Partner and Managing General Partner dated [June] 1, 2021 (the “Partnership Agreement”); and/or (c) fund its equity investment in the Partnership in connection with the development of that certain project known as Rose Hill Courts – Phase I (the “Project”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Partnership Agreement.

4. The representations and warranties contained in Section 4.01 of the Partnership Agreement are true and correct, in all respects, and are not in any way misleading.

5. The covenants contained in Sections 4.01, 4.02 and Article 8 of the Partnership Agreement have been fully and completely performed, as of this date, except as otherwise consented to by the Investor Limited Partner, in writing.

6. No default, breach or violation of the terms of the Partnership Agreement on the part of General Partner has occurred as of this date.

7. To the best of our knowledge, neither the General Partner nor the Partnership are in default of any obligation relating to the business of the Partnership or the Project, as of the date hereof, and all obligations of General Partner and the Partnership will be satisfied when due.

8. No actions or proceedings of any kind or nature are pending or threatened against the General Partner, except as may be described in Exhibit A attached hereto and made a part hereof. Such actions or proceedings are fully covered by insurance or, if adversely determined, would not have an effect on the General Partner’s ability to pay when due any amounts that may become payable in respect of the Partnership Agreement or in connection with the Project, or to continue with the development and operation of the Project.

9. As of the date of this Affidavit, the General Partner is (a) solvent; (b) able to pay its debts as they mature; (c) has capital sufficient to carry on the businesses in which it is engaged; and (d) the present fair saleable value of its assets is greater than the amount of its liabilities. The General Partner
will not be rendered insolvent by performing the currently foreseeable obligations on its part to be performed in respect of the Project, or by conducting the transactions contemplated thereunder.

10. All insurance requirements of the Partnership Agreement have been met and satisfied in all respects.

11. As of the date of this Affidavit, all of the conditions and prerequisites for funding the Capital Contribution with respect to which this Certificate has been submitted, have been fully and completely performed and all representations and warranties contained in the Partnership Agreement are true and correct and not in any way misleading. In addition, as of the date hereof, at least 90% of the units in the Project are physically occupied.

The foregoing matters are certified and agreed to by the undersigned General Partner as of the date of this letter, and you may rely hereon in consummating your investment in the Project/Partnership. All certifications made herein shall constitute representations and warranties of the undersigned. In the event of any inaccuracy in any of the foregoing certifications, or failure to perform any of the foregoing agreements, Investor Limited Partner shall be entitled to any and all remedies under applicable law, including remedies for breach of warranty, representation, or agreement, and the undersigned shall defend and indemnify Investor Limited Partner against any liability or damages therefrom.

[signature page follows]
General Partner:

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: 

Frank Cardone
Its:  President
EXHIBIT D-5

8609 CAPITAL CONTRIBUTION

CERTIFICATE OF ADMINISTRATIVE GENERAL PARTNER

I, __________________________, hereby certify that:

1. I am the ___________________________ of Related/Rose Hill Courts I Development Co., LLC (the “Administrative General Partner”), a California limited liability company and a General Partner of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”), a limited partnership organized and existing under the laws of the California.

2. I am fully familiar with all of the General Partner’s and the Partnership’s business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

3. This Certificate is made and delivered for the purpose of, among other things, inducing Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”) to (a) purchase a limited partnership interest in the Partnership; (b) enter into amended and restated agreement of limited partnership with the Administrative General Partner and Managing General Partner dated [June] 1, 2021 (the “Partnership Agreement”); and/or (c) fund its equity investment in the Partnership in connection with the development of that certain project known as Rose Hill Courts – Phase I (the “Project”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Partnership Agreement.

4. The representations and warranties contained in Section 4.01 of the Partnership Agreement are true and correct, in all respects, and are not in any way misleading.

5. The covenants contained in Sections 4.01, 4.02 and Article 8 of the Partnership Agreement have been fully and completely performed, as of this date, subject to such variation or waivers to which the Investor Limited Partner has given Consent in writing.

6. No default, breach or violation of the terms of the Partnership Agreement on the part of General Partner has occurred as of this date.

7. To the best of my knowledge, neither the General Partner nor the Partnership are in default of any obligation relating to the business of the Partnership or the Project, as of the date hereof, and all obligations of General Partner and the Partnership will be satisfied when due.

8. No actions or proceedings of any kind or nature are pending or threatened against the General Partner, except as may be described in Schedule A attached hereto and made a part hereof. Such actions or proceedings are fully covered by insurance or, if adversely determined, would not have an effect on the General Partner’s ability to pay when due any amounts that may become payable in respect of the Partnership Agreement or in connection with the Project, or to continue with the development and operation of the Project.

9. As of the date of this Certificate, the General Partner is (a) solvent; (b) able to pay its debts as they mature; (c) has capital sufficient to carry on the businesses in which it is engaged; and
(d) the present fair saleable value of its assets is greater than the amount of its liabilities. The General Partner will not be rendered insolvent by performing the currently foreseeable obligations on its part to be performed in respect of the Project, or by conducting the transactions contemplated thereunder.

10. All insurance requirements of the Partnership Agreement have been met and satisfied in all respects.

11. Attached hereto as Schedule B is a Draw Request detailing the amount and use of the Capital Contribution requested.

12. As of the date of this Certificate, all of the conditions and prerequisites for funding the Capital Contribution, including, but not limited to, the items listed in Section 5.01(c)(vi) of the Partnership Agreement, with respect to which this Certificate has been submitted, have been fully and completely performed.

The foregoing matters are certified and agreed to by the undersigned General Partner as of the date of this Certificate, and you may rely hereon in consummating your investment in the Project/Partnership. All certifications made herein shall constitute representations and warranties of the undersigned. In the event of any inaccuracy in any of the foregoing certifications, or failure to perform any of the foregoing agreements, Investor Limited Partner shall be entitled to any and all remedies under applicable law, including remedies for breach of warranty, representation, or agreement, and the undersigned shall defend and indemnify Investor Limited Partner against any liability or damages therefrom.

[signature page follows]
IN WITNESS WHEREOF, the General Partner has affixed its signature to this 8609 Capital Contribution Certificate of General Partner as of the date written below.

General Partner:

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company
By: __________________________
Its: _________________________
EXHIBIT E

INSURANCE GUIDELINES

REQUIREMENTS FOR ALL POLICIES

Rose Hill Courts I Housing Partners, L.P. must be the named insured.

Raymond James California Housing Opportunities Fund X L.L.C. and its successors and assigns must be named as an additional insured.

Raymond James California Housing Opportunities Fund X L.L.C. must be named as a certificate holder.

All evidences of insurance, certificates of insurance, binders, and Notices shall be addressed and forwarded to:

Raymond James Tax Credit Funds, Inc.
Attention: Insurance Liaison
880 Carillon Parkway
St. Petersburg, Florida 33716

The insurer writing the policy must have a general policy rating of at least “A” and a financial performance index rating of at least IX or better from Best’s Key Rating Guide. Policies for General Contractor, Prime Contractors, and Management Agent Liability and Workmen’s Compensation Insurance may have a performance index rating of at least VI or better from Best’s Key Rating Guide.

Evidence of Insurance must be issued on ACORD Form 25, 27 or 28.

The current policy term must not expire until a minimum of 30 days post closing.

Raymond James Tax Credit Funds, Inc. must receive 30-day notice of cancellation of the policy. Additionally, the words “endeavor to” and “but failure to” are to be deleted from the language regarding notice of cancellation.
PARTNERSHIP RELATED COVERAGES
During the Period of Construction /Renovation

LIABILITY RELATED COVERAGES

Liability Insurance shall be provided regardless if the Project is under construction or construction has been completed.

Coverage required:

Partnership Commercial General Liability insurance in an amount no less than $1 million per occurrence and $2 million in aggregate, with an additional Umbrella/Excess form of liability coverage in the amount of $5 million. Maximum deductible of $10,000.

The policy shall have a waiver of terrorism exclusion and indicate “Terrorism coverage has no sublimit and includes both domestic and foreign acts of terrorism.”

RENTAL LOSS INSURANCE

Rental Loss Insurance shall be provided for rehab Projects which will have rental income during the renovation period; however, new construction Projects do not require Rental Loss Insurance until buildings are placed in service.

Coverage shall be:

Blanket Coverage in the amount of at least twelve (12) months rental income at full occupancy.
PERMANENT PROPERTY INSURANCE

Permanent Property Insurance shall be provided for all existing improvements. Rehab Projects shall be insured from closing; however, new construction Projects do not require permanent Property Insurance until completion and builder’s risk insurance is discontinued.

Coverage required:

“All Risks” form of blanket property insurance including wind coverage covering all real and personal property. Such insurance shall be written on a Replacement Cost Basis and shall include an Agreed Amount Clause or Waiver of Coinsurance. The amount of insurance shall be the full insurable replacement cost of the property with the Declared Building Value shown on the certificate in the amount equal to or greater than the replacement costs of all improvements. Ordinance and Building Laws Endorsement shall be included for all Project. Policy should include the A, B, & C coverages with B & C at a coverage amount no less than 10% of replacement cost. Deductible not to exceed 1) $5,000.00 for properties less than 81 units, 2) $10,000.00 for properties 81 units or more. Boiler and Machinery Coverage – only if applicable to the property. Waiver of terrorism exclusion and indicate “Terrorism coverage has no sublimit and includes both domestic and foreign acts of terrorism”. All Property Insurance shall permit waiver of subrogation by the Insured prior to loss.

BUILDER’S RISK

Builder’s Risk Insurance shall be provided for all properties with construction activity. Insurance can be waived on rehab properties if permanent property insurance coverage includes construction activities.

Coverage required shall be:

“Risks of direct physical loss”
Agreed Amount.
Non-Reporting, completed value form.
100% of the replacement value of the completed project.
Cover all buildings machinery, equipment, supplies, temporary structures and all other property of any nature which is to be used in fabrication, erection, installation and completion of the project until it is completed and accepted by the Owner.
Cover “resulting” loss or damage, the expense for debris removal and provide permission by the insurer for occupancy and use of the premises.
The limit of coverage shall be no less than the amount of the approved construction contracts submitted with the Completion Capital Contribution and a five per cent contingency with a maximum deductible up to $10,000.00.

If in Flood Zone A, V or D, flood coverage must be provided either with Builder’s Risk policy or separate flood insurance.

FLOOD INSURANCE

If in Flood Zone A, V or D, flood insurance coverage must be provided for any improvements within the flood zone unless covered by the Builder’s Risk policy.

Coverage required:
Coverage of 100% of full replacement costs. Deductible must not exceed 2% of Total Insured Value per building.

**SEISMIC / EARTHQUAKE INSURANCE**

If the property is located in seismic zone 3 or above per the designation by the 1997 Uniform Building Code Map, it is required that a qualified engineer perform a Probable Maximum Loss Study (PML) assuming a 475-year cycle for a 90% Total Loss factor. PML ratings of less than 19.99% do not require insurance. PML ratings between 20.00% and 29.99% require insurance. PML ratings above 29.99% may not be acceptable investments and must be discussed with the RJTCF representative.

Seismic/Earthquake Insurance shall be provided for all existing improvements on rehab properties if required as noted above. Coverage required:

Full replacement cost with maximum deductible of 5% of total insured value.

**SINKHOLE / MINE SUBSIDENCE INSURANCE**

Required if the property is in an area prone to sinkholes or mines as determined by the Geotechnical engineer or local municipality.

Sinkhole / Mine Subsidence Insurance shall be provided for all existing improvements on rehab properties if required as noted above. Coverage required:

Full replacement cost with maximum deductible of 5% of total insured value.

**GENERAL CONTRACTOR**

General Contractor Liability Insurance and Workmen’s Compensation Insurance shall be provided for all properties under construction.

Coverage required:

The General Contractor shall provide Commercial General Liability insurance covering claims arising out of Contractor’s operations, independent contractors, products/completed operations with broad form property damage, liability assumed under contract on a broad form blanket basis, and “XCU” property when appropriate. The amount of liability insurance shall be no less than $1,000,000.00 per occurrence and $2,000,000.00 including Umbrella/Excess Liability coverage. Automobile liability coverage (including coverage for liability assumed under any contract in the minimum amount of $1,000,000.00), and Workers’ Compensation and Employers’ Liability coverage (per statutory requirements by applicable law with a minimum floor of $500,000.00).
PRIME CONTRACTORS

Prime Contractor Liability Insurance and Workmen’s Compensation Insurance shall be provided for all properties under construction.

Coverage required:

1. Each prime contractor (other than the General Contractor) having a direct contract with the lower tier Partnership shall maintain Commercial General Liability insurance covering claims for bodily injury and property damage arising out of (i) contractor’s operations, independent contractors, products/completed operations with broad form property damage, liability assumed under contract on a broad form blanket basis, “xcu” property damage if hazard exists. The amount of liability insurance including Umbrella Liability shall be no less than $1,000,000.00 per occurrence and $2,000,000.00 including Umbrella/Excess Liability coverage.

2. Automobile Liability (including coverage for liability assumed under contract with a minimum coverage of $1,000,000.00).

3. Workers’ Compensation and Employers’ Liability (per statutory requirements by applicable law with a minimum floor of $500,000.00).

MANAGEMENT AGENT

Management Company Liability Insurance and Workmen’s Compensation Insurance shall be provided for all properties under management.

Coverage required:

Except as provided below, the Management Agent shall maintain and provide evidence of insurance for:

1. Commercial General Liability including Umbrella/Excess form of liability coverage in an amount no less than $1,000,000.00.

2. Fidelity Bond in an amount no less than an amount equal to two-months gross rental income written with a company reasonably acceptable to the Partnership, provided the purchase of the Fidelity Bond in the required amount is commercially reasonable.

3. Automobile Liability Insurance covering owned, hired and non-owned autos for limits no less than $1,000,000.00 per occurrence for bodily injury, property damage and physical damage (collision and comprehensive), naming the Partnership and the Fund as additional insured’s under such policy for vehicles used exclusively for the Property.

4. Workers’ Compensation Insurance, to the extent of the statutory limits required by applicable law, and Employer’s Liability Insurance in the minimum amount of $500,000.00.

Management Agent shall cause all contractors, sub-contractors and suppliers performing work or providing supplies to maintain insurance coverage at such parties’ expense in the following amounts, as statutorily required, or as listed below whichever is greater:
Worker’s Compensation – Statutory Amount;

Employer’s Liability (if required) - $1,000,000.00 minimum;

Comprehensive General Liability including contractual liability in the following minimum amounts:

1. $500,000.00 bodily injury per person $2,000,000.00 per occurrence; and
2. $1,000,000.00 combined single limit;

Business Auto Liability - $1,000,000.00 bodily injury and property damage combined single limit, per accident, to cover all owned, leased, hired or non-owned vehicles.

ARCHITECT

Architects and Engineers Professional Liability (Errors and Omissions) insurance shall be provided covering each professional entity for an amount not less than $300,000.00.

ENVIRONMENTAL CONSULTANT

Environmental Consultant’s Professional Liability (Errors and Omissions) insurance shall be provided covering each professional entity for an amount not less than $2,000,000.00.
Liability Insurance shall be provided regardless if the Project is under construction or construction has been completed.

Coverage required:

Partnership Commercial General Liability insurance in an amount no less than $1 million per occurrence and $2 million in aggregate, with an additional Umbrella/Excess form of liability coverage in the amount of $5 million. Maximum deductible of $10,000.

The policy shall have a waiver of terrorism exclusion and indicate “Terrorism coverage has no sublimit and includes both domestic and foreign acts of terrorism.”

Permanence Property Insurance shall be provided for all existing improvements. Coverage shall be:

Coverage required:

“All Risks” form of blanket property insurance including wind coverage covering all real and personal property. Such insurance shall be written on a Replacement Cost Basis and shall include an Agreed Amount Clause or Waiver of Coinsurance. The amount of insurance shall be the full insurable replacement cost of the property with the Declared Building Value shown on the certificate in the amount equal to or greater than the replacement costs of all improvements. Ordinance and Building Laws Endorsement shall be included for all Projects. Policy should include the A, B, & C coverages with B & C at a coverage amount no less than 10% of replacement cost. Deductible not to exceed 1) $5,000.00 for properties less than 81 units, 2) $10,000.00 for properties 81 units or more. Boiler and Machinery Coverage – only if applicable to the property. Waiver of terrorism exclusion and indicate “Terrorism coverage has no sublimit and includes both domestic and foreign acts of terrorism”. All Property Insurance shall permit waiver of subrogation by the Insured prior to loss.

Rental Loss Insurance shall be provided for all properties.

Blanket coverage in the amount of at least twelve (12) months rental income at full occupancy.

Flood Insurance

If the Project is in Flood Zone A, V or D, flood insurance coverage must be provided for all improvements within the flood zone.
Coverage of 100% of full replacement costs with a maximum deductible of 2% of Total Insured Value per building.

**SEISMIC / EARTHQUAKE INSURANCE**

If the property is located in seismic zone 3 or above per the designation by the 1997 Uniform Building Code Map, it is required that a qualified engineer perform a Probable Maximum Loss Study (PML). Assuming a 475-year cycle for a 90% Total Loss factor. PML ratings of less than 19.99% do not require insurance. PML ratings between 20.00% and 29.99% require insurance. PML ratings above 29.99% may not be acceptable investments and must be discussed with the RJTCF representative.

Seismic/Earthquake Insurance shall be provided for all improvements on properties if required as noted above. Coverage required:

Full replacement cost with maximum deductible of 5% of total insured value.

**SINKHOLE / MINE SUBSIDENCE INSURANCE**

Required if the property is in an area prone to sinkholes or mines as determined by the Geotechnical engineer or local municipality.

Sinkhole / Mine Subsidence Insurance shall be provided for all improvements. Coverage required:

Full replacement cost with maximum deductible of 5% of total insured value.

**MANAGEMENT AGENT**

Management Company Liability Insurance and Workmen’s Compensation Insurance shall be provided for all properties under management.

Coverage required:

Except as provided below, the Management Agent shall maintain and provide evidence of insurance for:

1. Commercial General Liability including Umbrella/Excess form of liability coverage in an amount no less than $1,000,000.00.

2. Fidelity Bond in an amount no less than an amount equal to two-months gross rental income written with a company reasonably acceptable to the Partnership, provided the purchase of the Fidelity Bond in the required amount is commercially reasonable.

3. Automobile Liability Insurance covering owned, hired and non-owned autos for limits no less than $1,000,000.00 per occurrence for bodily injury, property damage and physical damage (collision and comprehensive), naming the Partnership and the Fund as additional insured’s under such policy for vehicles used exclusively for the Property.

4. Workers’ Compensation Insurance, to the extent of the statutory limits required by applicable law, and Employer’s Liability Insurance in the minimum amount of $500,000.00.
Management Agent shall cause all contractors, sub-contractors and suppliers performing work or providing supplies to maintain insurance coverage at such parties’ expense in the following amounts, as statutorily required, or as listed below whichever is greater:

- Worker’s Compensation – Statutory Amount;
- Employer’s Liability (if required) - $1,000,000.00 minimum;
- Comprehensive General Liability including contractual liability in the following minimum amounts:
  1. $500,000.00 bodily injury per person $2,000,000 per occurrence; and
  2. $1,000,000.00 combined single limit;
- Business Auto Liability - $1,000,000.00 bodily injury and property damage combined single limit, per accident, to cover all owned, leased, hired or non-owned vehicles.
PROJECTIONS

Attached are the projections dated [June [__], 2021] that are hereby approved by the General Partner and the Investor Limited Partner and are comprised of the following schedules:

1. Sources and Applications of Funds (Schedule A);
2. Development Period Sources and Applications of Funds (Schedule B);
3. Detailed Cost Budget (Schedule C);
4. Rental Rate Analysis (Schedule D);
5. Project Operations Analysis (Schedule E);
6. Projected Three-Year Operations (Schedules F-1 and F-2);
7. Cash Flow Analysis – Operations (Schedule G);
8. Cash Flow Analysis – Distribution of Cash Flow (Schedule H);
9. Prospective Tax Depreciation and Amortization Schedule (Schedule N); and
10. Loan Amortization Schedules (Schedule O).

/signatures on next page/

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GENERAL PARTNER:

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: ______________________________
Frank Cardone
Its: President____________________

Initials: _______________

INVESTOR LIMITED PARTNER:

Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company

By: RJ CHOF X L.L.C., a Florida limited liability company
Its: Manager

By: Raymond James Tax Credit Funds, Inc., a Florida corporation
Its: Manager

By: ______________________________
Steven J. Kropf, President

Initials: _______________
EXHIBIT G

INTENTIONALLY OMITTED
EXHIBIT H

INTENTIONALLY OMITTED
EXHIBIT I
QUARTERLY GENERAL PARTNER CERTIFICATE

Partnership Name: Rose Hill Courts I Housing Partners, L.P.

City/State: Los Angeles, California

___Yes ____No    For the period ending month ______________ year ______, all of the statements that follow
are true and correct.

If I have checked "No," I have attached a schedule stating which statement is not true and correct and describing
the action the General Partner is taking, or has taken, to remedy the situation.

(1) The Project fully complies with all of the applicable provisions of Section 42 of the Code with
respect to tax credit and has not received any Form 8823 or other notice of noncompliance from the
state agency or the IRS.

(2) The Partnership is not in default under any loan, loan agreement, or any other material agreement
(including any agreement with any Authority) to which it is a party.

(3) The Partnership continues to maintain in full force and effect all policies of insurance referred to in
Exhibit E of the Amended and Restated Agreement of Limited Partnership and has not received
notice of cancellation or non-renewal of any insurance policy pertaining to the Project.

(4) There exists no delinquency in the payment of any real estate or ad valorem taxes.

(5) There has been no significant adverse change in the financial condition of the Partnership or the
operations of the Project.

(6) No legal action has been instituted or threatened against either the Partnership or a General Partner
which can reasonably be expected to have a material adverse effect on either of them.

(7) The General Partner is not in default or violation of any provision of the Partnership Agreement,
including the representations or warranties made therein.

(8) There has been no change in the financial condition of a General Partner or any Affiliate that would
adversely affect its ability to fulfill its obligations to the Partnership, whether those obligations arise
under the Partnership Agreement or another agreement between the Partnership and the General
Partner.

(9) None of the Partnership, a General Partner or any Affiliate of a General Partner has received notice
that he or it is the subject of an investigation by any federal or state agency having jurisdiction over
the Project.

(10) With respect to any material agreement in which the Partnership is a party, no party thereto is in
default under such material agreement (other than tenant leases where the tenant is the only party
in default thereof), including, without limitation, with respect to the funding by the Partnership of
all required reserves by the date(s) and in the amounts required and the payment by the Partnership of debt service when due and payable.

(11) The Partnership continues to qualify as a limited partnership under the laws of the jurisdiction in which it was formed (and is duly qualified as a limited partnership in the jurisdiction where the Project is located if not formed in such jurisdiction) and, as of the date hereof, has filed all required annual reports, paid all fees, and paid all franchise taxes due on or prior to the date hereof in each of such jurisdictions.

(12) If the General Partner is other than an individual, the General Partner continues to qualify as a corporation, limited liability company, or limited partnership (as applicable) in the jurisdiction in which it was formed (and is duly qualified in the jurisdiction where the Project is located if not formed in such jurisdiction) and, as of the date hereof, has filed all required annual reports, paid all fees, and paid all franchise taxes due on or prior to the date hereof in each of such jurisdictions.

(13) If the General Partner is an individual, no condition exists that is likely to have a material adverse effect on the ability of the General Partner to continue to fulfill its obligations as General Partner in accordance with the Partnership Agreement.

(14) All low-income housing tax credit units at the Project are qualified and the General Partner has supporting information and documentation with respect thereto. Upon request, the undersigned will provide the Investor Limited Partner with copies of such information and documentation, including, without limitation, tenant certifications.

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: ________________________________
   Frank Cardone
Its: President

Dated: __________________________

Rose Hill Courts I Housing Partners, L.P. / Quarterly General Partner Certificate
EXHIBIT I
QUARTERLY GENERAL PARTNER CERTIFICATE
ADDENDUM FOR PROJECTS USING THE AVERAGE INCOME SET-ASIDE

Partnership Name: Rose Hill Courts I Housing Partners, L.P.

City/State: Los Angeles, California

For the period ending: ***Date***

___________% State the average of the project’s unit designations for the average minimum set aside and attach supporting documentation.

___ Yes ___ No Has the property maintained compliance with all state and federal regulations for the average income minimum set aside? If no, attach an explanation of violations.

___ Yes ___ No Were changes to unit designations made? If changes did occur, please complete remaining questions.

___ Yes ___ No Does the allocating agency require notification of unit designation changes?

___ Yes ___ No If yes, was proper notification given to the allocating agency?

___ Yes ___ No Were changes in unit designations reported to RJTCF? If not, please attach a schedule showing changes made (i.e. schedule showing each unit number and its old and new designation).

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: __________________________
    Frank Cardone
    Its:    President

Dated: _________________________
EXHIBIT J-1

AFFIDAVIT OF NON-FOREIGN STATUS
(Entity General Partner/Investor Limited Partner)
AFFIDAVIT OF NON-FOREIGN STATUS
(Entity General Partner/Investor Limited Partner)

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person. To inform the transferee (buyer) that withholding of tax is not required upon the disposition of a U.S. real property interest by Rose Hill Courts I Housing Partners, L.P., a California limited partnership, the undersigned hereby certifies the following on behalf of Rose Hill Courts I Development Co., LLC (the “Company”):

1. He is the General Partner of the Company.

2. The Company is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).

3. The Company’s U.S. employer identification number is __________.

4. The Company’s office address is: ______________________________________.

5. The address or description of the property is: See Exhibit “A” attached hereto and made a part hereof.

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the Company.

Related/Rose Hill Courts I Development Co., LLC, a California limited liability company

By: ______________________________
   Frank Cardone
   Its: President

Dated: ____________

STATE OF  CALIFORNIA )
) ss.
COUNTY OF ____________ )

Before me, the undersigned Notary Public in the aforesaid County and State, personally appeared ________, in his capacity as _________ of __________, an _________, and being duly sworn, acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal this ___ day of ________, 20__.

Notary Public
My commission expires: ________________ _______
PURCHASE OPTION AGREEMENT

Rose Hill Courts Phase I

This Purchase Option Agreement (this “Agreement”) is made and entered into as of __________, 2021 among Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Partnership”), Related/Rose Hill Courts Development Co., LLC, a California limited liability company (the “Administrative General Partner”), LOMOD RHC I, LLC, a California limited liability company (the “Managing General Partner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “HACLA” and together with the Administrative General Partner, the “Optionee”) and is consented to hereinafter by Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”).

RECITALS

A. Concurrently with the execution and delivery of this Agreement, the Administrative General Partner, Managing General Partner and Investor Limited Partner are entering into that certain Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) continuing the Partnership by amending and restating a prior partnership agreement.

B. The Project is or will be subject to an extended use agreement (the “Extended Use Agreement”) with the Agency restricting the Project’s use to low-income housing (such use restrictions under the Regulatory Agreement and the Extended Use Agreement being referred to collectively herein as the “Use Restrictions”).

C. The Optionee desires to have the option to acquire the Project or the Partnership Interests on the terms and conditions of this Agreement.
D. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Partnership Agreement.

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option. The Partnership hereby grants to the Optionee, or its designee, including, without limitation, an option to purchase the Partnership’s interest in the real estate, ground lease, structures, improvements, fixtures, and personal property comprising the Project or associated with the physical operation thereof, located at the Project and owned by the Partnership at the time of purchase, during the Option Period (as defined herein), on the terms and conditions set forth in this Agreement and subject to the conditions precedent to the exercise of the Option specified herein. The Project is legally described in Exhibit A attached hereto and made a part hereof. The rights of Optionee under this Section 1 are hereinafter referred to as the “Option”.

2. Term of Option. The term of this Option shall commence on the first calendar day of the 15th year following the commencement of the ten-year tax credit period for the Project, and shall expire at 11:59 p.m. (Pacific Time) on the eighteenth (18th) year following the commencement of such ten-year tax credit period (the “Option Period”). In the event that different component buildings that comprise the Project have different tax credit periods, the Option Period will be based on the latest of these periods.

3. Purchase Price Under Option. The purchase price for the Project pursuant to the Option (the “Option Price”) shall be the greater of the following amounts, subject to the provision set forth hereinbelow:

   (a) Price Formula. An amount, determined by the Partnership’s Accountants, which is equal to the sum of (1) the outstanding principal, accrued interest, any prepayment penalty and any other amounts due under all mortgage documents relating to the Project, whether or not such amounts are due upon sale, and the total amount of all other indebtedness of the Partnership as of the date of closing; (2) exit taxes of the Investor Limited Partner; and [(3) any amount due to the Investor Limited Partner under the Partnership Agreement (other than any tax credit shortfall, if any, included in the purchase price)]. In computing such price, it shall be assumed that each of the Partners of the Partnership (or their constituent partners or members) has an effective combined federal, state and local income tax rate calculated using the maximum of such rates in effect on the date of closing; or

   (b) Fair Market Value. An amount equal to the sum of one hundred percent (100%) of the fair market value of the Project, appraised in accordance with the procedures described in Section 6 below (the “Appraised Fair Market Value”). If the Optionee desires to acquire the reserves held by Project Lenders or the Partnership in connection with the transfer of the Project, the Option Price under this paragraph (b) shall include the fair market value of such reserves. Fair market value shall be calculated considering the nature of the reserves and any existing restrictions on the use or availability of the reserves.
4. **Conditions Precedent.** Notwithstanding anything in this Agreement to the contrary, the Option granted hereunder to Optionee shall be contingent on the following being true and correct at the time of exercise of the Option and any purchase pursuant thereto: (i) all amounts then owed to the Investor Limited Partner, or its successor limited partner of the Partnership, under the Partnership Agreement and the Guaranty (other than any tax credit shortfall, if any, included in the purchase price) have been, or concurrently with the exercise of the Option will be, paid in full and (ii) all required Authority and Project Lender approvals have been obtained.

If any or all of such conditions precedent have not been satisfied, the Option shall not be exercisable by the Optionee. Upon any of the events terminating the Option under this Section 4 with respect to the Optionee, the Option shall be void and of no further force and effect.

5. **Exercise of Option.**

   (a) The Option may be exercised by the Optionee by (a) giving prior written notice of its intent to exercise the Option to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Section 5 (the **Option Exercise Notice**), and (b) complying with the contract and closing requirements of Section 7 hereof. Any such Option Exercise Notice may be given during the period commencing six (6) months prior to commencement of the Option Period and terminating at the end of the Option Period. It shall be a condition precedent to the exercise of the Option at any time prior to the end of the Compliance Period that Optionee shall covenant and agree to maintain the Project as a qualified low-income housing project for the balance of the Compliance Period. The Option may be exercised by Optionee (or an Affiliate of Optionee) during the Option Period.

   (b) If either Optionee wishes to exercise the Option it shall send written notice of its intent to the other Optionee no later than three (3) months prior to the expiration of the Option Period, and the other Optionee shall have sixty (60) days from the date of such notice to elect whether or not to participate in the purchase. If the other Optionee does not wish to participate in the purchase, the Optionee sending the notice may exercise the Option and purchase the Project or the Investor Limited Partner’s Interests on its own. If both Optionees wish to participate in the purchase, they will jointly participate in the purchase and any subsequent re-syndication of the Project, on the following terms (i) any developer fee associated with such resyndication will be shared sixty percent (60%) to the Administrative General Partner and forty percent (40%) to HACLA; and (2) any net cash flow or net capital proceeds payable to the General Partners following such re-syndication will be shared seventy percent (70%) to HACLA and thirty percent (30%) to the Administrative General Partner. The Partnership may entertain an offer for the Development from an independent third party (unaffiliated with the Partnership or any of its constituent partners) during this period only if both the Managing General Partner and Administrative General Partner jointly agree to entertain such offer.

6. **Determination of Option Price.** Upon delivery of the Option Exercise Notice, the Partnership and the Optionee shall determine the Option Price utilizing the Appraised Fair Market Value of the Project determined as follows: As soon as practicable following the delivery of the Option Exercise Notice, the Optionee and the Investor Limited Partner shall select a
mutually acceptable independent appraiser familiar with properties similar to the Project in Los Angeles, California (“Independent Appraiser”). If the parties have not selected a mutually acceptable Independent Appraiser by the date fifteen (15) business days after delivery of the Option Exercise Notice, the Investor Limited Partner shall provide the Optionee with a list of at least three (3) but no more than five (5) appraisers approved by Investor Limited Partner for the Los Angeles, California market. Optionee shall respond in writing with its choice of the name of one (1) Independent Appraiser from such list within fifteen (15) business days of receipt of the Optionee's candidates. The selected Independent Appraiser shall determine the Appraised Fair Market Value. The Partnership and the Optionee shall each pay one-half of the fees and expenses of any Independent Appraiser selected pursuant to this Section 6.

7. **Contract and Closing.** Upon determination of the purchase price, the Partnership and the Optionee, shall enter into a written contract for the purchase and sale of the Project in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project is located, providing for a closing not later than the date specified in the Option Exercise Notice or one hundred eighty (180) calendar days after the Option Price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company, provided, however, that the purchase price may be paid in cash or by assumption of debts of the Partnership, or a combination thereof. Upon closing, the Partnership shall deliver to the Optionee, along with the deed to the property, a CLTA Owner’s Policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title. The Optionee shall be responsible for all costs including, but not limited to, transfer taxes, title policy premiums and recording costs.

8. **Use Restrictions.**

(a) In consideration of the Option granted hereunder at the price specified herein, unless other use restrictions remain on the Project at the closing of the sale, Optionee hereby agrees that the deed granting the Project to Optionee shall contain a covenant running with the land, restricting the use of the Project to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement and the Extended Use Agreement. Such deed covenant shall include a provision requiring Optionee to pay any and all costs, including attorneys’ fees, incurred by the Investor Limited Partner in enforcing or attempting to enforce the Use Restrictions, and to pay any and all damages incurred by the Investor Limited Partner from any delay in or lack of enforceability of the same. All provisions relating to the Use Restrictions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Property.

(b) In the absence of a deed to Optionee conforming to the requirements of this Agreement, the provisions of this Agreement shall run with the land. In the event that the Option is not exercised, or the sale pursuant thereto is not consummated, then, upon conveyance of the Project to anyone other than Optionee hereunder, the foregoing provisions shall terminate and have no further force or effect.
9. **Alternative Purchase of Partnership Interests.** Notwithstanding the foregoing, the Optionee may, at its election, in lieu of a direct acquisition of the Project pursuant to the Option, acquire the limited partnership Interests (but not less than all of such interests) of any of the Partners which it does not already wholly own for a purchase price equal to one hundred percent (100%) of the fair market value of the Interests of the Partners, as applicable. Upon delivery of the Option Exercise Notice, the Partnership and the Optionee shall determine the Option Price of the limited partnership Interests pursuant to this Section 9 and the appraisal process set forth in Section 6 above.

10. **Applicable Law.** This Agreement shall be construed in accordance with the laws of the State of California.

11. **Notices.** All notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

**To Optionee:** La Cienega LOMOD, Inc  
2600 Wilshire Blvd., Fourth Floor  
Los Angeles CA 90057  
Attn: Tina Smith-Booth, President

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

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

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

**To Partnership:** Rose Hill Courts I Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Ave., Suite 900  
Irvine, CA 92612  
Attn: Frank Cardone
12. **Binding Provisions.** The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

13. **Counterparts.** This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the
parties have not signed the original or the same counterpart.

14. Amendments. This Agreement may be amended only by a written instrument executed in one or more counterparts by the parties hereto.

15. Time. Time is of the essence with respect to this Agreement, and all provisions relating thereto shall be so construed.

16. Legal Fees. Except as provided otherwise herein, in the event that legal proceedings are commenced by the Partnership against the Optionee, or by the Optionee, against the Partnership in connection with this Agreement or the transactions contemplated hereby, each party shall bear its own attorney’s fees and expenses.

17. Assignment. Optionee may assign its rights under this Agreement to an Affiliate wholly controlled by or under common control with Optionee. Except for the foregoing, Optionee shall not assign its interest in this Agreement without the Investor Limited Partner’s prior written consent.

18. Rights Subordinate; Priority of Requirements of Section 42 of the Code. This Agreement is hereby subordinated in all respects to any regulatory agreements (including, without limitation, the Rental Assistance Demonstration Use Agreement to be recorded on the Project) and to the terms and conditions of the Mortgages securing the Project Loans, including any lien of any deed of trust securing any loans made to the Partnership, with respect to the Project. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Partnership’s status as owner of the Project for federal income tax purposes prior to exercise of the Option granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Option shall be subject in all respects to all applicable provisions of Section 42 of the Code. In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control except for the determination of the purchase price unless Section 42 is amended in a manner that makes it mutually beneficial to amend the purchase price. Each Project Lender and their respective successors and assigns are hereby each made an express third party beneficiary of the foregoing subordination, and this Section 18 shall not be modified without the prior written consent of each Project Lender.

[signature page(s) to follow]
IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: __________________________________________
    Frank Cardone
    President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit
    public benefit corporation,
    its sole member

By: __________________________________________
    Tina Smith-Booth
    President

[NOTARY BLOCKS 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 NEW 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/thei r 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 _______________________________
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 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.

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WITNESS my hand and official seal.

Signature _______________________________
ADMINISTRATIVE GENERAL PARTNER:

RELATED/ROSE HILL COURTS I
DEVELOPMENT CO., LLC,
a California limited liability company

By: _______________________________
    Frank Cardone
    President

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STATE OF CALIFORNIA  )
COUNTY OF _____________  )

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WITNESS my hand and official seal.

Signature _______________________________
MANAGING GENERAL PARTNER:

LOMOD RHC I, LLC,
a California limited liability company

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
Tina Smith-Booth
President

[NOTARY BLOCK ON NEXT PAGE]
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STATE OF CALIFORNIA  

COUNTY OF ______________  

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WITNESS my hand and official seal.

Signature _______________________________
OPTIONEE:

LA CIENEGA LOMOD, INC.
a California nonprofit public benefit corporation,

By: _______________________________
    Tina Smith-Booth
    President

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STATE OF CALIFORNIA )
COUNTY OF _____________ )

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basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
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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 ______________________________
HACLA:

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

By: ________________________________________
    Douglas Guthrie
    President and Chief Executive Officer

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STATE OF CALIFORNIA  )
COUNTY OF _____________  )

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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 _______________________________
INVESTOR LIMITED PARTNER:

RAYMOND JAMES CALIFORNIA HOUSING OPPORTUNITIES FUND X L.L.C.,
a Florida limited liability company

By: RJ CHOF X L.L.C.,
a Florida limited liability company,
Manager

By: Raymond James Tax Credit Funds, Inc.
Managing Member

By: ________________________________
Steven J. Kropf
President

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State of _______________________ )
County of ______________________ )

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

WITNESS my hand and official seal.

Signature __________________
EXHIBIT A

LEGAL DESCRIPTION

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

THOSE PORTIONS OF LOTS 1, 2 AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1;

THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59'22" WEST, 451.00 FEET;

THENCE SOUTH 00°00'38" WEST, 174.46 FEET;

THENCE SOUTH 89°59'22" EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3;

THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00'15" EAST,174.46 FEET TO THE POINT OF BEGINNING.

CONTAINING 78,680 SQUARE FEET, MORE OR LESS.

APN: 5305-011-900
RIGHT OF FIRST REFUSAL AGREEMENT

Rose Hill Courts Phase I

This Right of First Refusal Agreement (the “Agreement”) is made and entered into as of __________, 2021, among Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Owner”), Related/Rose Hill Courts Development Co., LLC, a California limited liability company (the “Administrative General Partner”), LOMOD RHC I, LLC, a California limited liability company (the “Managing General Partner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA” and together with the Managing General Partner, the “Optionee”) and is consented to hereinbelow by Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company (the “Investor Limited Partner”).

RECOLTALS

WHEREAS, the Owner was formed to acquire, own, construct, develop, finance, maintain, operate and eventually dispose of a eighty-nine (89) unit multifamily apartment development intended for rental to low-income tenants located in Los Angeles, California (the “Project”);

WHEREAS, the Managing General Partner is an affiliate of HACLA and the managing general partner of Owner under the Amended and Restated Agreement of Limited Partnership of the Owner of substantially even date herewith (the “Partnership Agreement”); and

WHEREAS, the Owner desires to give, grant, bargain, sell and convey to Optionee certain rights of first refusal to purchase the Project on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which

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

WHEN RECORDED RETURN TO:
Reno & Cavanaugh PLLC
455 Massachusetts Ave NW, Suite 400
Washington, DC 20001
Attn: Megan Glasheen, Esq.

NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

APN: 5305-011-900
Address: 4466 Florizel Street, Los Angeles, CA 90032
the parties hereto acknowledge, the parties hereby agree as follows:

1. **Right of First Refusal.** The Owner hereby grants to Optionee a right of first refusal to purchase all right, title and interest held by the Owner in the Project, in accordance with the terms and conditions set forth below. The Project is legally described in Exhibit A attached hereto. The rights of the Optionee under this Section are hereinafter referred to as the **“Right of First Refusal”**. Owner will not transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project or any portion thereof to any third party without first offering the Project for a period of ninety (90) calendar days to Optionee. It is the intention of the parties that this Right of First Refusal is issued pursuant to Section 42(i)(7) of the Internal Revenue Code of 1986, as amended (“**Code**”). Accordingly the provisions hereof, including the provisions and procedures of Section 2 hereof should be interpreted to satisfy the minimum requirements of such Section 42(i)(7) as interpreted from time to time by the Internal Revenue Service, except for the Purchase Price provided in Section 3 hereof, including, without limitation the right, if any, of Optionee to exercise the right granted hereby without the necessity of the receipt of an offer to purchase the Project from a third party. If it is reasonably determined by counsel for Owner, Investor Limited Partner and Optionee that a third party offer is not necessary under Section 42(i)(7) of the Code, Optionee shall have the right to exercise the Right of First Refusal by written notice as set forth in Section 2.

2. **Exercise of Right of First Refusal.**

   (a) In the event that the Owner receives an offer from an independent third party (unaffiliated with the Owner or any of its constituent partners), which the Owner is prepared to accept, to purchase, transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project or any portion thereof at any time during the period beginning on the date that is thirty-six (36) months after the termination of the Compliance Period, and for one (1) year thereafter, the Owner shall provide Optionee, Administrative General Partner, Managing General Partner, and Investor Limited Partner written notice of its receipt of such an offer (the **“Offer Notice”**). Optionee shall have ninety (90) days from receipt of the Offer Notice to provide written notice to Owner (“**ROFR Notice**”) stating that Optionee wishes to exercise the Right of First Refusal. If Optionee fails to deliver the ROFR Notice within the applicable ninety (90) day period, or if such ROFR Notice is delivered but Optionee does not consummate the purchase of the Project within one hundred eighty (180) calendar days from the date of delivery of the ROFR Notice, this Right of First Refusal shall terminate. Thereafter, the Owner shall be permitted to sell the Project free of the Right of First Refusal. All costs of the exercise of the Right of First Refusal, including without limitation any filing or recording fees and applicable transfer taxes, shall be paid by Optionee.

   (b) Notwithstanding anything to the contrary contained in this Section 2, the right of Optionee to exercise the Right of First Refusal and consummate any purchase pursuant thereto is contingent on each of the following being true and correct at the time of delivery of the ROFR Notice and the closing of the purchase thereto: (i) the Optionee is an entity described in Section 42(i)(7) of the Code; and (ii) all amounts then owed to the Investor Limited Partner, or its successor limited partner of the Partnership, under the Partnership Agreement and the Guaranty have been, or concurrently with the exercise of the Right of First Refusal (other than any tax
credit shortfall) will be, paid in full.

(c) The closing on the sale of the Project shall take place in Los Angeles, California, at the time and place set forth in the Election Notice (the “Closing”).

3. **Purchase Price.** The Project’s purchase price under the Right of First Refusal (the “Purchase Price”) shall be the “minimum purchase price” as defined in Section 42(i)(7)(B) of the Code plus (i) the amount of any partner and affiliate entity loans made for the benefit of the Project, (ii) an amount sufficient to distribute to members of the Grantor cash equal to the State, local and Federal taxes projected to be imposed on the members of the Grantor as a result of the sale of the Project pursuant to this Agreement, and (iii) any amounts due to the Investor Limited Partner under the Partnership Agreement.

4. **Payment of Purchase Price.** The Purchase Price shall be paid at Closing in one of the following methods:

(a) The payment of all cash or immediately available good funds at Closing; or

(b) The assumption of any assumable Loans if Optionee has obtained the consent of the Lenders to the assumption of such Loans, which consent shall be secured at the sole cost and expense of Optionee. Any Purchase Price balance remaining after the assumption of the Loans shall be paid by Optionee in immediately available funds.

5. **Termination Events.** The Right of First Refusal shall terminate, and if exercised, then any obligation of the Owner to close the sale of the Project shall terminate on the occurrence of any one or more of the following events, and if terminated shall not be reinstated unless such reinstatement is agreed to in a writing signed by Optionee and the Investor Limited Partner:

(a) the transfer of the Project to a lender in total or partial satisfaction of any loan;

(b) any transfer or attempted transfer of all or any part of the Right of First Refusal, whether by operation of law or otherwise, except as otherwise permitted under Section 7 of this Agreement;

(c) the Project ceases to be a “qualified low-income housing project” within the meaning of Section 42 of the Code; or

(d) the Administrative General Partner and/or Managing General Partner purchase the Project pursuant to that certain Purchase Option Agreement, dated as of substantially even date herewith.

6. **Conveyance and Condition of the Property.** The Owner’s right, title and interest in the Project shall be conveyed by quitclaim deed, subject to such liens, encumbrances and parties in possession as shall exist as of the date of Closing. Optionee shall accept the Project “as is,” without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise
and no indemnity for hazardous waste or other conditions with respect to the Project will be provided. It is a condition to Closing that all amounts due the Owner and its Partners from Optionee or its Affiliates be paid in full. Optionee shall pay all closing costs, including, without limitation, the Owner’s reasonable attorney’s fees related to the conveyance of the Project hereunder.

7. **Transfer.** Except for an assignment by Optionee to an entity entitled to exercise the Right of First Refusal pursuant to Section 42(i)(7) of the Code, this Right of First Refusal shall not be transferred or assigned to any Person without the Consent of the Investor Limited Partner. In the case of any such permitted transfer, such transferee shall be disqualified from the exercise of any rights hereunder at all times during which Optionee would have been ineligible to exercise such rights hereunder had it not effected such transfer.

8. **Notice.** All notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telex and facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

- **To Optionee:**  
  Housing Authority of the City of Los Angeles  
  2600 Wilshire Blvd., Third Floor  
  Los Angeles CA 90057  
  Attn: President and Chief Executive Officer

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

- **To Partnership:**  
  Rose Hill Courts I Housing Partners, L.P.  
  c/o The Related Companies of California, LLC  
  18201 Von Karman Ave., Suite 900  
  Irvine, CA 92612  
  Attn: Frank Cardone

  
- **with copy to:**  
  Bocarsly Emden Cowan Esmail & Arndt LLP  
  633 West Fifth Street, 64th Floor  
  Los Angeles, CA 90071  
  Attn: Lance Bocarsly

- **To Administrative General Partner:**  
  Related/Rose Hill Courts I Development Co., LLC  
  c/o The Related Companies of California, LLC  
  18201 Von Karman Ave., Suite 900  
  Irvine, CA 92612  
  Attn: Frank Cardone
9. **Option to Purchase.** The parties hereto agree that if the Internal Revenue Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant an “option to purchase” pursuant to Section 42(i)(7) of the Code as opposed to a “right of first refusal” without adversely affecting the status of such owner as owner of its project for federal income tax purposes, then the parties shall grant Optionee an option to purchase the Project at the Purchase Price.

10. **Definitions.** Capitalized terms not otherwise defined, shall have the meanings given them in the Partnership Agreement or (if not therein defined), in the Code or Treasury Regulations promulgated thereunder, as such may be published and amended from time to time.

11. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement 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 Agreement that are valid.

12. **Amendments.** This Agreement shall not be amended except by written agreement
between Optionee and the Owner with the Consent of the Investor Limited Partner.

13. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State California, without regard to principles of conflicts of law.

14. **Headings.** All headings in this Agreement are for convenience of reference only. Masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

15. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

16. **Rights Subordinate; Priority of Requirements of Section 42 of the Code.** This Agreement and the grants herein are hereby subordinated in all respects to: (i) any and all applicable Regulatory Agreements (including, without limitation, the Rental Assistance Demonstration Use Agreement to be recorded against the Project), (ii) to the terms and conditions of the Project Loans, including any lien of any deed of trust securing any loans made to the Owner, with respect to the Project, and (iii) any other encumbrances to which title to the Project is (a) now subject, or (b) becomes subject to between the date of this Agreement and the date of exercise of such right of first refusal or buyout option. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Owner’s status as owner of the Project for federal income tax purposes prior to exercise of the Right of First Refusal granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Right of First Refusal shall be subject in all respects to all applicable provisions of Section 42 of the Code, including, in particular, Section 42(i)(7) (but with recognition of any partner loans made for the benefit of the Project). In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control except for the determination of the Purchase Price, unless Section 42 is amended in a manner that makes it mutually beneficial to amend the Purchase Price. Each Project Lender and their respective successors and assigns are hereby each made an express third party beneficiary of the foregoing subordination, and this Section 16 shall not be modified without the prior written consent of each Project Lender.

[signature page(s) to follow]
IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

**PARTNERSHIP:**

**ROSE HILL COURTS I HOUSING PARTNERS, L.P.,**
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company,
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation,
its sole member

By: _______________________________
Tina Smith-Booth
President

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individual who signed the document to which this certificate is attached, and not the truthfulness,
accuracy, or validity of that document.

STATE OF NEW 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 _______________________________
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STATE OF CALIFORNIA  )
COUNTY OF _____________  )

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WITNESS my hand and official seal.

Signature _______________________________
ADMINISTRATIVE GENERAL PARTNER:

RELATED/ROSE HILL COURTS I DEVELOPMENT CO., LLC,
a California limited liability company,
its administrative general partner

By:

______________________________
Frank Cardone
President

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State of New Jersey )
County of ______________________ )

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

WITNESS my hand and official seal.

Signature __________________
MANAGING GENERAL PARTNER:

LOMOD RHC I, LLC
a California nonprofit public benefit corporation

By: _______________________________
Tina Smith-Booth
President
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STATE OF CALIFORNIA  
COUNTY OF _____________  

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

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

By: ________________________________
   Douglas Guthrie
   President and Chief Executive Officer

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STATE OF CALIFORNIA

COUNTY OF _____________

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WITNESS my hand and official seal.

Signature _______________________________
INVESTOR LIMITED PARTNER:

RAYMOND JAMES CALIFORNIA HOUSING OPPORTUNITIES FUND X L.L.C.,
a Florida limited liability company

By: RJ CHOF X L.L.C.,
a Florida limited liability company,
Manager

By: Raymond James Tax Credit Funds, Inc.
Managing Member

By: ____________________________
Steven J. Kropf
President

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State of _______________________ )
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 ___________ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ________________
EXHIBIT A

LEGAL DESCRIPTION

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

THOSE PORTIONS OF LOTS 1, 2 AND 3 OF TRACT NO. 13089, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 308, PAGE 21 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1;

THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59’22” WEST, 451.00 FEET;

THENCE SOUTH 00°00’38” WEST, 174.46 FEET;

THENCE SOUTH 89°59’22” EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3;

THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00’15” EAST, 174.46 FEET TO THE POINT OF BEGINNING.

CONTAINING 78,680 SQUARE FEET, MORE OR LESS.

APN: 5305-011-900
RAD, PBV AND RESIDENT RIGHTS ADDENDUM TO MANAGEMENT AGREEMENT

Rose Hil Courts Phase I

THIS RAD, PBV AND RESIDENT RIGHTS ADDENDUM TO MANAGEMENT AGREEMENT (this “Addendum”) is attached to and made a part of the Management Agreement (the “Management Agreement”) by and between RELATED MANAGEMENT COMPANY, L.P., a New York limited partnership (“Management Agent”) and ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (“Owner”). Capitalized terms not otherwise defined herein shall have the same definition as set forth in the Management Agreement.

Recitals:

WHEREAS, the Parties have simultaneously entered into the Management Agreement for management services for an eighty-nine (89) unit multifamily apartment complex (including one (1) manager’s unit) located in Los Angeles, California, and known as Rose Hill Courts Phase I (the “Project”);

WHEREAS, the Project includes eighty-four (84) units (the “Tax Credit Units”) which will be operated in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, as further described in the Management Agreement and the Property Management and Re-Occupancy Plan;

WHEREAS, the Project includes eleven (11) units (the “RAD Units”), which, in accordance with RAD Requirements, received project based voucher assistance from the Housing Authority of the City of Los Angeles (the “Authority”) and which funding requires compliance with RAD Requirements;

WHEREAS, the Project includes seventy-seven (77) units (the “PBV Units”), which, in accordance with PBV Requirements, received project based voucher assistance from the Authority and which funding requires compliance with PBV Requirements; and

WHEREAS, all RAD Units and PBV Units will be set aside initially for residents relocating from the existing Rose Hill Courts public housing site (the “Replacement Housing Units”); and

WHEREAS, the Parties are entering into this Addendum which amends the Management Agreement to evidence and effectuate the RAD Requirements and the PBV Requirements, and sets forth additional tenant protections applicable to all Residents.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the Management Agreement as follows:
Article I: Definitions

1.01 “Administrative Plan” shall mean the Authority’s Housing Choice Voucher Program Administrative Plan in effect at the time this Agreement is entered into or such later amendment as the parties and HUD may agree to in the future.

1.02 “HUD” means the U.S. Department of Housing and Urban Development.

1.03 “PBV HAP Contract” means the HUD form entitled “PBV Housing Assistance Payments Contract New Construction or Rehabilitation” between Owner and Authority which is applicable to the PBV Units.

1.04 “PBV Requirements” shall mean all statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, including those requirements contained in the PBV HAP Contract, the Administrative Plan, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

1.05 “Property Management and Re-occupancy Plan” means that plan developed by Owner and approved by the Authority which governs marketing, re-occupancy, admissions criteria, tenant selection and similar processes as well as other applicable operating requirements of the Project.

1.06 “RAD HAP Contract” means the HUD form Rental Assistance Demonstration Section 8 Project Based Voucher Housing Assistance Payments Contract and any exhibits, addenda or riders thereto, which is applicable to the RAD Units.


1.08 “RAD Requirements” means all applicable statutes, regulations and guidance and other requirements issued by HUD for the RAD Program, as they become effective, including but not limited to (1) the Consolidated and Further Continuing Appropriations Act of 2012, all applicable statutes and any regulations issued by HUD for the RAD Program, as they become effective and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, HUD Notice H-2019-09 PIH-2019-23 (HA), as it may be amended from time to time), and Mortgagee letters (if any) for the RAD Program, (3) the RAD HAP Contract and RAD Use Agreement, and (4) all future updates, changes and amendments thereto, as they become effective.

1.09 “RAD Use Agreement” means that certain agreement executed by Owner, the Authority and HUD with respect to permitted uses of the Project and rights of potential beneficiaries, including any applicable riders, which use restriction governs in case of any...
conflict with this Agreement.

1.10 “Regulatory Agreements” means the any restrictive covenants encumbering the Project, including without limitation, (a) California Tax Credit Allocation Committee Regulatory Agreement, (b) the RAD Use Agreement, (c) the California Department of Housing and Community Development (“HCD”) Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing, and (d) the Ground Lease Agreement entered into by Owner with respect to the Project.

1.11 “Resident” means any tenant residing at the Project, including those in PBV Units, RAD Units and those residing in units which are subject to neither the RAD Requirements nor the PBV Requirements.

Article II: RAD, PBV and Resident Protection Provisions

Section 2.01 RAD Requirements. Owner shall cause the RAD Units to be operated in accordance with RAD Requirements, including but not limited to the RAD HAP Contract and the RAD Use Agreement.

Section 2.02 PBV Requirements. Owner shall cause the PBV Units to be operated in accordance with the PBV Requirements, including but not limited to the PBV HAP Contract and the Administrative Plan.

Section 2.03 Consistency in Operating RAD Units and PBV Units. To the maximum extent allowed by the various Regulatory Agreements and as required by the RAD Requirements, the PBV Units and the RAD Units shall be operated without distinction and be subject to the same occupancy requirements.

Section 2.04 RAD and PBV Unit Eligibility and Waiting Lists. The waiting list and eligibility determinations for the PBV Units and the RAD Units shall be maintained and conducted in accordance with the Property Management and Re-occupancy Plan, the Administrative Plan and 24 CFR 983.251(c), as it may be amended from time to time. Management Agent shall be responsible for conducting all other eligibility determinations and screening required under the Management Agreement, this Addendum and the Property Management and Re-occupancy Plan. No tenant residing in a unit at the existing Rose Hill Courts site on the date of this Agreement, who is in good standing and elects to move to a Replacement Housing Unit as part of the RAD conversion and initial lease up of the Project, shall be subject to rescreening as part of the conversion; however, notwithstanding the forgoing, the Owner and Management Agent shall confirm and require that any Resident moving into a Tax Credit Unit or a unit that is regulated by HCD meets the requirements in all applicable Regulatory Agreements before leasing the unit, as further outlined in the Property Management and Re-occupancy Plan.

Section 2.05 Resident Leases. Leases for the RAD Units must comply with RAD Requirements. Leases for the PBV Units must comply with PBV Requirements. The aforementioned notwithstanding, the parties have developed or will develop a form of lease
which they intend to use for all units in the Project (the “Lease”). To the maximum extent permitted by applicable Regulatory Agreements, the Lease provides or will provide the same tenant protections and opportunities required by the RAD Requirements and the PBV Requirements, to the RAD Units, PBV Units and the Tax Credit Units. Provided however, that the tenant protections need not be extended to the one (1) manager’s units. Any change to the Authority-approved Lease must be approved in writing by the Authority prior to implementation. The Lease shall include the tenant protections outlined in sub-sections (a) and (b) below. In addition, Management Agent shall include the HUD Section 8 Tenancy Addendum for project based voucher units (Form HUD 52530.c.), in all PBV Unit and RAD Unit leases.

a. **Termination Notification.** Management Agent must provide adequate written notice of termination of any Lease. Such notice of Lease termination shall be not be less than:
   i. A reasonable period of time, but not to exceed 30 days:
      x. If the health or safety of other Residents, employees, or persons residing in the immediate vicinity of the premises is threatened; or
      y. In the event of any drug-related or violent criminal activity or any felony conviction;
   ii. 14 days in the case of nonpayment of rent; and
   iii. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

b. **Grievance Process.** Management Agent will maintain a grievance process in accordance with the RAD Requirements and the PBV Requirements. Further, Management Agent’s grievance procedure shall provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. Notwithstanding the provisions of 24 CFR § 982.555, an opportunity for an informal hearing shall be given to all Residents for any dispute that Resident may have with respect to an Owner’s or Management Agent’s action in accordance with the Resident’s Lease and which adversely affects the Resident’s rights, obligations, welfare, or status.

   i. For Residents of the RAD Units and PBV Units, the Authority, as contract administrator, will perform the informal hearing. The hearing officer must be selected in accordance with 24 CFR § 982.555(e) (4) (i). For Residents residing in units other than the RAD Units and the PBV Units, the Management Agent shall perform the informal hearing.
   ii. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Management Agent, Owner or Authority.
   iii. The Management Agent shall give Residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1).

Section 2.06 **Phase In of Rent Increases.** If as a result of the RAD conversion, a converting RAD Unit tenant’s rent increases more than 10% or $25, whichever is greater, that rent increase will be phased in over three years, increasing by 33.33% of the total increase per year. The foregoing provision shall also apply to those existing Rose Hill Court tenants moving into PBV Units, to the maximum extent permitted by law.
Section 2.07  **Resident Participation and Funding.** These rights shall apply to all Residents in order to encourage resident engagement in the Project community. To support Resident participation, any Resident will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.

a. **Legitimate Resident Organization.** Agent must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate if it has been established by the Residents of the Project, meets regularly, operates democratically, is representative of all Residents in the Project, and is completely independent of the Management Agent, management, and their representatives. In the absence of a legitimate resident organization at the Project, Management Agent and Residents are encouraged to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization.

Management Agent will encourage Residents to contact Management Agent directly with questions or concerns regarding issues related to their tenancy. Management Agent is also encouraged to actively engage residents in the absence of a resident organization; and

b. **Protected Activities.** Agent must allow Residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:

   i. Distributing leaflets in lobby areas;
   ii. Placing leaflets at or under Residents' doors;
   iii. Distributing leaflets in common areas;
   iv. Initiating contact with Residents
   v. Conducting door-to-door surveys of Residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;
   vi. Posting information on bulletin boards;
   vii. Assisting Resident to participate in resident organization activities;
   viii. Convening regularly scheduled resident organization meetings in a space on site and accessible to Residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues;
   ix. Formulating responses to Agent regarding:
      1. Rent increases;
      2. Partial payment of claims;
      3. The conversion from project-based paid utilities to resident-paid utilities;
      4. A reduction in resident utility allowances;
      5. Converting residential units to non-residential use, cooperative housing, or condominiums;
      6. Major capital additions; and
      7. Prepayment of loans.
In addition to these activities, Management Agent must allow Residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization. Management Agent shall not require Residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

c. **Meeting Space.** Agent must reasonably make available the use of any community room or other available space appropriate for meetings that are part of the Project when requested by:

   i. Residents or a resident organization and used for activities related to the operation of the resident organization; or
   ii. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities, unless this is impractical for reasons beyond Owner and Management Agent’s control. If the Project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities. Management Agent may charge a reasonable, customary and usual fee, approved by the Authority as may normally be imposed for the use of such facilities in accordance with procedures prescribed by HUD, for the use of meeting space. The Authority may waive this fee.

d. **Resident Organizers.** A resident organizer is a Resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of Management Agent, managers, or their agents. Agent must allow resident organizers to assist Residents in establishing and operating resident organizations.

e. **Canvassing.** If the Project has a consistently enforced, written policy against canvassing, then a non-Resident resident organizer must be accompanied by a Resident while at the Project. If the Project has a written policy favoring canvassing, any non-Resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the Project does not have a consistently enforced, written policy against canvassing, the Project shall be treated as if it has a policy favoring canvassing. A Resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

f. **Funding Resident Activities.** Owner will provide $25 per occupied RAD Unit annually for resident participation, of which at least $15 per occupied RAD Unit shall be provided to the legitimate Resident organization at the Project, if any. These funds must be used for Resident education, organizing around tenancy issues and training activities. In the absence of a legitimate resident organization at a Project, the following provisions apply:

   i. The Management Agent and Residents are encouraged to work together to determine the most appropriate ways to foster a constructive working relationship,
including supporting the formation of a legitimate Residents organization. Residents are encouraged to contact the Management Agent directly with questions or concerns regarding issues related to their tenancy. Management Agent shall actively engage Residents in the absence of a Resident organization; and

ii. Owner through Management Agent must make Resident participation funds available to Residents for organizing activities in accordance with this Addendum. Residents must make requests for these funds in writing to the Management Agent. These requests will be subject to approval by the Management Agent.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, Management Agent and Owner have caused this Addendum to be executed by their duly authorized signatories as of the date first above written.

OWNER:

ROSE HILL COURTS I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Rose Hill Courts I Development Co., LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Frank Cardone
President

By: LOMOD RHC I, LLC,
a California limited liability company
its managing general partner

By: La Cienega LOMOD, Inc., a California nonprofit public benefit corporation
its sole member

By: _______________________________
Tina Smith-Booth
President
MANAGEMENT AGENT:

RELATED MANAGEMENT COMPANY, L.P., a New York limited partnership

By: RCMP Management, LLC, a Delaware limited liability company
its sole general partner

By: ___________________________
Danny Rivera
Vice President
PART I: General Information

BOC Meeting Date: April 22, 2021  Date Due for Final Part III: _______________
Department: Development Services  Author: Dhiraj Narayan  Phone/Ext.: 4251

REPORT SUBJECT


Department Director  

PART II: Final Clearances – as applicable

PROCUREMENT: Deputy General Counsel  Date: _______________

FUNDING: Finance Director  Date: 4/14/2021

RESO/CONFLICTS: General Counsel  Date: 4/14/21

PART III: Management Approvals – as applicable

Chief Programs Officer  Date: _______________

Chief Development Officer  Date: _______________

Chief Administrative Officer  Date: _______________

President & Chief Executive Officer  Date: _______________

PART IV: Comments/ Special Issues

________________________________________________________________________________________
________________________________________________________________________________________